

**ARIZONA DEPARTMENT OF TRANSPORTATION**

## **Multimodal Planning Division**

### **Public Transportation**

### **State Management Plan**

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Arizona Department of Transportation  
Multimodal Planning Division  
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# **Public Transportation State Management Plan**

ARIZONA DEPARTMENT OF TRANSPORTATION

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# **I. Introduction**

## **A. DOCUMENT PURPOSE AND USE**

The State Management Plan documents the procedures of the State of Arizona in managing and utilizing federal funds to assist public, Tribal, private for-profit and private non-profit passenger transportation systems in Arizona. The Arizona Department of Transportation (ADOT) Multimodal Planning Division (MPD) manages the programs described in this document.

This document includes the State's objectives, policies, procedures, and administrative requirements, in a form that is readily accessible to ADOT staff, the Federal Transit Administration (FTA), potential subrecipients, and the public. The State Management Plan serves four purposes:

1. Provides a basis for FTA state level management reviews of the programs;
2. Serves as an internal reference document for the management of the various grant programs. It can be used for new employees to gain a broad understanding of the programs and as a tool for cross-training current employees;
3. Provides public information on grant management administrative processes; and
4. Provides information to subrecipients in regards to State and federal program requirements.

FTA requires a State Management Plan for the Section 5311 Rural Public Transportation Program; and the Coordinated Mobility Programs: Section 5310 for Elderly Individuals and Individuals with Disabilities, Section 5316 Job Access and Reverse Commute, and Section 5317 New Freedom programs. ADOT has also chosen to document information related to the management of other federal transportation grant funds that the Transit Program oversees in this State Management Plan.

ADOT's Multimodal Planning Division also serves as the State Safety Oversight Agency. On December 27, 1995 the FTA published 49 CFR Part 659, subsequently referred to as the State Safety Oversight (SSO) Rule. This rule requires states to administer a safety and security oversight program for all rail fixed guideway systems in its jurisdiction. ADOT MPD was designated by the State to serve as the SSO agency for Arizona. As a requirement of 49 CFR Part 659, ADOT developed the Arizona Department of Transportation System Safety Program Standard, a separate and freestanding document which identifies the State's policies, procedures, and processes for fixed guideway systems safety and security oversight.

The State Management Plan is accompanied by a set of appendices. The appendices include the complete ADOT Handbooks for the 5310, 5311, 5316 and 5317 Programs. The Handbooks are provided to potential subrecipients to assist them in understanding the grant programs and program requirements, to provide the information necessary to complete applications for funding under these programs, and to provide subrecipients with guidance in the ongoing management of their projects.

The contents of the State Management Plan are updated on the following basis:

- The State Management Plan is reviewed on an annual basis to ensure that any new federal regulations are reflected in the Plan;
- The State Management Plan is more thoroughly revised approximately every six years, or upon re-authorization of the federal transportation funding bill;
- Handbooks and Application materials, included in the Appendices are amended and issued annually to reflect changes in state or federal regulations and policy direction; and
- The System Safety Program Standards for Light Rail Safety Oversight comply with the 49 CFR Part 659, and are reviewed and updated annually.

## **B. AGENCY MISSION**

ADOT's Multimodal Planning Division oversees the transit programs within ADOT and management responsibility is delegated to the Transit Programs Section. MPD's Transit Programs Section staff coordinate closely with other divisions within ADOT to oversee and provide the financial and civil rights oversight that FTA requires. MPD has multiple functions, including the following FTA grant administrative responsibilities:

- Administering Federal transit programs which provide local transit systems with capital and operating assistance;
- Providing technical assistance and expertise to local transit agencies and decision makers;
- Coordinating and funding transit and rail planning efforts in rural and urban areas;
- Serving as the State Safety Oversight Agency for light rail; and
- Ensuring a multi-modal approach in addressing problems of mobility, congestion and air quality throughout the state.

## **C. TRANSIT PROGRAM GOALS AND OBJECTIVES**

ADOT developed a strategic plan focused on Building Capacity. Key objectives include:

- Taking advantage of cutting-edge technology to fulfill Transit functions;
- Improving communication within MPD;
- Assessing, updating, and operating the grant programs effectively;
- Pursuing strong internal and external partnerships;
- Improving coordination with financial services, specifically grant financial management coordination;
- Maintaining a "Customer Service Focus";
- Empowering staff to grow as experts in their emphasis areas; and
- Developing programs that can be modeled by other agencies and states.

Additionally ADOT seeks to:

**Do More with Limited Existing Resources:** A key to coordination is tapping the underutilized capacity of existing transportation assets. This begins with an inventory of vehicles and their utilization. This helps in sharing space on agency vehicles, which allows more people to be served by available resources.

**Enhance Mobility Within and Between Communities:** Mobility management has always been a critical element in economic growth and wellbeing. Reducing individual isolation and improving the connectivity of people and communities can lead to important economic and social benefits.

**Increase Access to Jobs and Job Training:** Research has documented transport barriers facing the unemployed and working poor. Coordinated transportation can improve self-reliance and productivity by helping to overcome existing spatial mismatches between where people live and where they work.

**Preserve Individual Independence:** The lack of transportation alternatives contributes to increased dependency, especially among seniors and people with disabilities. The mobility of all citizens can be enhanced through local one-call centers coupled with local practices designed to assure independence and freedom of movement.

**Enhance Quality of Life:** Improving people's access and availability to get to basic services and jobs while meeting other daily needs can have major impacts on their overall quality of life.

## D. ROLES AND RESPONSIBILITIES

### **Federal Transit Administration (FTA)**

The FTA provides overall policy and program guidance. The FTA is responsible for apportioning funds annually to the State; developing and implementing financial management procedures; initiating and managing program support activities; and conducting national program review and evaluation. The FTA regional offices have day-to-day responsibility for interface with state transit program managers.

### **The Arizona Department of Transportation (ADOT)**

ADOT has been designated by the Governor to administer the Section 5303, 5304, 5310, 5311, 5316, and 5317 programs in Arizona. ADOT MPD administers and provides oversight for the FTA programs, as well as the Rural Transit Assistance Program, and other federal grant programs such as Surface Transportation Program funds that have been "flexed" to support Arizona's transit programs.

To administer these programs ADOT MPD works with regional Transportation Planning Agencies (in Arizona these are Metropolitan Planning Organizations and rural Councils of Governments) and directly with subrecipients.

Duties of ADOT MPD include assistance throughout the grant processes, as well as subsequent monitoring of successful applicants. MPD also provides information, oversight, and technical assistance to Arizona communities, transportation planning agencies, transit agencies, and intercity carriers.

### **Transportation Planning Agencies**

In Arizona, the responsibilities of Transportation Planning Agencies are assumed by regional government organizations: Metropolitan Planning Organizations (MPOs) in the urban areas, and regional Council of Governments (COGs) in rural areas.

There are currently five urbanized areas (as defined by the US Census Bureau) with designated MPOs in Arizona: Phoenix, Tucson, Yuma, Flagstaff, and Prescott. Each of the Metropolitan Planning Organizations are recipients of Section 5303 planning assistance and are responsible for coordination of FTA programs within their respective areas. Requests for FTA funding from within an urbanized area are submitted to the MPO for inclusion in the MPO's Transportation Improvement Program (TIP). The MPO staff reviews each application for coordination, conformity and fiscal constraint in relation to TIP goals and objectives.

For rural areas, MPD works with the COGs to complete transportation planning functions using FTA Section 5304 Statewide Transportation Planning Program funds. These efforts include transit feasibility studies, short-range transit development plans, capital project assessments, and special studies that include a statewide rural transit needs study and statewide rail inventory and assessment. The COG's primary role is to assist MPD in coordination and outreach with local agencies and transit providers. MPD takes the lead on coordinating the completion of transit development plans with the COGs and local agencies, and these plans are integrated into the State Transportation Improvement Program (STIP).

### **Transportation Providers**

Transportation providers (public and private agencies) apply for funding through processes that vary depending on the program. The providers are responsible for working with MPD and their local MPO or COG to meet all application requirements. If granted funding, they are required to fulfill a series of federal conditions as further defined later in this document and in individual program handbooks. These requirements include record keeping, financial disclosures, civil rights protections, and monitoring.

## **E. STATE SAFETY OVERSIGHT AGENCY**

The designated State Oversight Agency performs several distinct functions as discussed below. The following activities constitute the core of FTA's State Safety Oversight requirements:

- Yearly review of System Program Standard.
- Yearly review of each transit agency's System Security Program Plan, System Safety Program Plan, Emergency Management Plan, Accident Incident Investigation Plan and supporting documents and procedures; that complies with the Oversight Agency's Program Standard at each rail transit system.

- Require each rail transit system to report the occurrence of accidents and unacceptable hazardous conditions within a period of time specified by the System Program Standard.
- Require the rail transit system to implement a Corrective Action Plan (CAP's) and regularly review the CAP's and Hazard logs.
- Conduct onsite visits at each rail transit system at a minimum of every 3 years to perform a formal Safety and Security Review.
- Require the rail transit system to conduct safety audits according to the Internal Safety Audit Process detailed in the American Public Transit Associations Manual.
- Review of each transit agency's operating and maintenance rules and procedures to determine if they are updated regularly and if training on these procedures is appropriate.
- Review of documentation and record keeping systems to ensure that safety and security plan implementation is being properly tracked and monitored.
- Interviews with personnel, including management, to assess the organizational commitment and ability to support safety functions.
- On-site observations of the transit system and facilities to evaluate the implementation of plans, procedures, and rules.
- Inspections of infrastructure and facilities, as appropriate, to ensure that maintenance best practices are being followed.
- FTA Yearly Annual Reporting for collecting State Safety Oversight (SSO) program information for the Calendar Year.

The role of the SSO is to evaluate the effectiveness and level of compliance of safety and security programs for each of its rail fixed guideway systems. The SSO reviews findings and recommendations and recommends corrective actions, which can be taken by the transit agencies to address deficiencies.

## F. STATE ADMINISTRATION AND TECHNICAL ASSISTANCE

ADOT is the State agency designated by the Governor to administer FTA's grant programs. ADOT receives a formula allocation of funds annually, a portion of which is used to administer the programs. ADOT's general responsibilities for grant program administration include:

- Establish and document the State's procedures in the State Management Plan.
- Effectively manage FTA funds, and complete all FTA reports.
- Develop project selection procedures in accordance with FTA requirements, and manage annual grant application processes.
- Provide program information and technical assistance to local and regional government agencies and transit providers, for project development, implementation, and operation.
- Monitor all grant recipients through project completion, overseeing projects by audits and site visits, and monitoring project close out.



- Encourage and facilitate the most efficient use of all federal funds to provide passenger transportation through the coordination of programs and services.
- Coordinate vehicle purchases through competitive bid.
- Coordinate FTA programs administered by ADOT including the Section 5310, Section 5311, Section 5316, Section 5317, Rural Transit Assistance Program (RTAP), and Transportation Planning Program Sections 5303 and 5304.
- Assist in the development and support of intercity bus transportation.
- Facilitate coordination between ADOT subrecipients and other local transportation providers.
- Stay apprised of federal regulations by attending State, national, and FTA sponsored conferences.

MPD staff, COG/MPO liaisons and consultants provide technical assistance to potential applicants and subrecipients receiving 5310, 5311, 5316, and 5317 funds to assist with activities such as project planning and preparation of applications, project management and improvement, and compliance with federal requirements.

## G. LOCAL SHARE AND LOCAL FUNDING REQUIREMENTS

Local Match is required for all FTA funded programs except for RTAP. The local match is not listed in the State Management Plan, as per FTA it is on a sliding scale, determined annually per available funding and requested demand. The local match follows all FTA guidelines for each program.

Generally local match is as follows:

- Capital—7 to 20% of the total cost
- Operating —42 to 50% of the total cost (of which in-kind is limited to less than ½ of the total match)
- Administration--20% of the total cost

***Local Matching Funds*** - Local matching funds are primarily cash contributions from local or state sources. The local share may include: state or local appropriations, dedicated tax revenues, private donations, or net income generated from advertising and concessions.

For administration and operating costs, certain forms of in-kind match (e.g., volunteer drivers) may be acceptable in lieu of cash. However, all in-kind match must be approved by the ADOT Program Manager, included in the contract with the State, and thoroughly documented in the subrecipient's accounting system.

## **II. Planning and Coordination**

### **A. TRANSIT PLANNING**

**Regionally:** ADOT is responsible to assist regions in the development and maintenance of transit plans that identify the overall public and specialized transit needs in the region and the level of service required to meet these needs. This information is incorporated into the Transit Element of the State Transportation Improvement Program (STIP).

ADOT has coordinated the preparation of the transit plans for each of the applicable rural Council of Governments' planning areas within the State. The plans provide a 'road map' to address the transportation needs and coordination of public transportation and specialized transportation services for the elderly and persons with disabilities in the regions. In addition, they are oriented to achieve the most efficient and effective management of the funding programs for public transportation. These plans include an assessment of local transit needs, achievable coordination and consolidation opportunities, and a significant public involvement process. Ad-hoc Technical Advisory Committees have been established in each of the four areas. These committees provide additional opportunities to network with social service agencies (and others) involved with provision of human service programs which have transportation-related components.

**ADOT Planning and Support to Subrecipients:** In addition, ADOT provides two types of planning assistance. First, MPD provides assistance through its Planning Assistance for Rural Areas (PARA) program. Second, MPD assists local entities in developing specific transit plans. These plans are designed to evaluate and plan for new transit services in a community, to update and re-assess the direction of an existing transit program, to address changing conditions (such as community growth or new or changing employment locations), or to address the need for new regional service connections. Transit systems change as communities change. As a result, MPD requires subrecipients to do regular planning. Existing subrecipients are expected to do routine planning as part of the management of their systems. ADOT coordinates with subrecipients relative to specific planning needs.

### **B. PROGRAM AND SERVICE COORDINATION**

It is a stated goal of Arizona's public transit program that all recipients of FTA grants coordinate and cooperate with other programs operating or planning to establish transportation systems in their service areas.

ADOT coordinates the public transit programs through MPOs and COGs, and the annual application processes for 5310, 5311, 5316, and 5317 funds. Applicants for FTA transportation programs must coordinate their proposed service plans at the local level. In addition, State transportation program requirements call for local agencies, particularly those submitting applications, to provide reasonable notice to transportation providers (including private for profit, private nonprofit, and public agencies) regarding proposed and/or changes in their transit services. In Pima and Maricopa Counties the MPO conducts the notifications.

With respect to FTA Sections 5303/5304, MPD develops a single State grant application and work program each year as part of its role as coordinator with non-urbanized areas and MPOs.

## C. REGIONAL TRANSPORTATION COORDINATION PLANS

All projects funded under the 5310, 5316, and 5317 Programs must be derived from a locally developed, coordinated public transit-human services transportation planning process. In order to be awarded grant assistance, successful applicants must be included in the Regional Coordination Plan for their area and have participated in related coordination activities, including coordination meetings.

The state of Arizona is divided into planning regions. Each planning region is expected to develop a Coordinated Public Transit-Human Services Transportation Plan. The key elements of this plan include all FTA required elements:

- An evaluation of the community's resources;
- An assessment of the transportation needs for people with lower incomes, seniors and people with disabilities;
- Strategies and/or activities to address the identified gaps, and that also address efficiencies in service delivery through coordination; and
- Relative priorities of the strategies.

Development of a regionally prioritized list of projects in the Coordination Plan occurs simultaneously with providers' development of their local applications and is finalized with the COG/MPO evaluation panels and the regions' submittal of the annual regional transportation coordination plan updates to ADOT. If an applicant is not listed in the regional plan, in terms of participation and prioritization, it will not be included in ADOT's FTA application for program funding.

New applicants, as well as existing subrecipients, are required to participate in activities related to their region's coordination plan even if they are not applying for grant assistance for a particular year *and* as long as they have a vehicle(s) on lien, or other grant assistance, that is still active. In addition, subrecipients are encouraged to continue to participate regardless of their status, i.e., even when they are inactive/past their lien as an ADOT subrecipient, but still providing the same or similar special needs transportation (or are partners with others that provide this service for them). The regional transportation coordination plans are not intended just for ADOT subrecipients, but are for *all* public and human service transportation agencies and their partners, including private-for-profit providers.

## D. LOCAL COORDINATION

Subrecipients must participate in local and/or regional efforts to coordinate services in an effort to make the best use of transportation resources in Arizona. Local coordination efforts vary by region. Local or regional coordinating councils have been, or are being, established in each region, and participation on these committees is a requirement of all subrecipients.

ADOT strongly encourages a coordinated application by two or more agencies with one agency acting as the lead and principal applicant.

Mobility Management activities are also strongly encouraged under local coordination efforts and ADOT is providing statewide assistance in 2012 to push forward an effort to implement regional mobility managers to assist with coordination efforts.

## **E. PRIVATE SECTOR PARTICIPATION**

Private-for-profit and private non-profit transit operators are given the opportunity to participate in the planning and implementation of projects to the maximum extent feasible. Private operators are invited to participate in the Transportation Advisory Committees for local public transit systems. Applicants are required to certify that transit providers in the area, including private-for-profit operators, are given fair and timely opportunity to participate to the maximum extent feasible in the planning and provision of proposed transit services.

## **III. Federal Funding Programs**

### **A. FEDERAL FORMULA PROGRAMS**

ADOT administers the following federal formula programs:

- Section 5303, Metropolitan Transportation Planning Program
- Section 5304, Statewide Transportation Planning Program
- Section 5310, Elderly Individuals and Individuals with Disabilities Program
- Section 5311, Rural Public Transportation Program (including the Rural Transit Assistance Program (RTAP) and the Intercity Bus Program)
- Section 5316 Job Access and Reverse Commute Program
- Section 5317 New Freedom Program
- Surface Transportation Program (STP)

### **B. FEDERAL DISCRETIONARY PROGRAMS**

ADOT coordinates with local transportation providers to seek additional funding, including such discretionary programs as:

- Alternatives Analysis (5339)
- Bus and Bus Facilities (5309, 5318)
- Clean Fuels Grant Program (5308)
- Major Capital Investments (New Starts & Small Starts) (5309(b)(1))
- National Research & Technology Program (5312)
- Over-the-Road Bus Program
- Paul S. Sarbanes Transit in Parks Program (5320)
- Public Transportation on Indian Reservations (5311(c))
- TIGER (USDOT)
- TIGGER Program
- Transit Cooperative Research Program (5313)
- University Transportation Centers Program (TEA-21 5505)
- Veterans Transportation and Community Living Initiative Grant Program

The State administers these funds as received and as appropriate following the federal and grant guidelines.

## **IV. FTA Sections 5303 and 5304**

### **Section 5303, Metropolitan Transportation Planning Program**

Section 5303 funds provide financial assistance to states and local public bodies to support planning in Metropolitan areas. There are currently five MPOs in the State of Arizona that receive metropolitan planning funding including the Maricopa Association of Governments (MAG), the Pima Association of Governments (PAG), Yuma Metropolitan Planning Organization (YMPO), Flagstaff Metropolitan Planning Organization (FMPO) and Central Yavapai Metropolitan Planning Organization (CYMPO).

Specifically, the Section 5303 Program provides financial assistance, through the states, to MPOs to support the costs of preparing long-range transportation plans and financially feasible transit improvement projects. Section 5303 Program assistance is used to conduct balanced and comprehensive intermodal transportation planning and technical studies for the movement of people and goods in the metropolitan area.

The State allocates the Section 5303 funds to the MPOs based on a FTA-approved formula developed by the State in cooperation with the MPOs. The formula considers population and related factors.

### **Section 5304, Statewide Transportation Planning Program**

Section 5304 funds MPD's technical assistance for rural public transportation planning and research. Examples of Section 5304 Program funded projects and support include: statewide planning and technical assistance; new system development and demonstration projects for eligible non-urbanized communities (including regional rural to urban connector systems); planning and technical assistance related to ADOT's Planning Assistance for Rural Areas (PARA); and program administration.

## **A. PROGRAM GOALS AND OBJECTIVES**

Funds are available for planning activities that address the following goals:

- Support the economic vitality of the metropolitan area, especially by enabling global competitiveness, productivity, and efficiency;
- Increase the safety of the transportation system for motorized and non-motorized users;
- Increase the security of the transportation system for motorized and non-motorized users;
- Increase the accessibility and mobility of people;
- Protect and enhance the environment, promote energy conservation, improve the quality of life, and promote consistency between transportation improvements and State and local planned growth and economic development patterns;
- Enhance the integration and connectivity of the transportation system, across and between modes;
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- Promote efficient system management and operation; and
- Emphasize the preservation of the existing transportation system.

## **B. ELIGIBLE SUBRECIPIENTS**

Section 5303 funds are to be administered by MPOs and may be re-granted to local public bodies and agencies by the MPO or used internally for planning efforts.

Section 5304 funds are administered by the State for specific planning projects in rural areas. ADOT uses these funds to support public agencies and COGs in completing transit-planning studies.

## **C. PROJECT SELECTION CRITERIA AND METHOD OF DISTRIBUTING FUNDS**

For Section 5303 urbanized planning grants, MPD requests Unified Work Programs (UWP's) from the MPOs. ADOT then reviews, comments, and requests any needed changes with the intent of finalizing the 5303 UWP each year.

For Section 5304, MPD completes a UWP based on on-going projects and local agency priorities solicited from the COGs. This is packaged together with the Section 5303 portion of the grant for submission to FTA as a unified Program of Projects. The 5304 application is available upon request and projects are considered as requested; local and regional governments do request planning studies that, with MPD concurrence, are funded through this source.

## **D. SUBRECIPIENT RESPONSIBILITIES**

ADOT subrecipients are required to do the following:

- Develop a scope for each planning project;
- Provide local match funding; and
- Participate in the management of the project, once funded.

## **E. REPORTING REQUIREMENTS**

ADOT submits quarterly planning milestone reports to FTA.

## **V. FTA Section 5311: Rural Public Transportation Program and Surface Transportation Program (STP) funding**

### **Section 5311, Rural Public Transportation Program**

Section 5311 formula funding supports mass transportation projects serving the general public in rural and small urban areas. Section 5311 funds may be used to support transit capital, administrative, and operating expenses. Rural and small urban areas include everything outside of areas defined as urbanized (greater than 50,000 population) by the US Census.

Generally, counties represented by COGs in Arizona meet this definition of rural. Counties represented by MPOs are predominantly urban as certified by the US Census Bureau. However, census defined urbanized areas are usually not coterminous with county borders so the rural portions of Maricopa, Pima, Yuma, and Coconino counties may be eligible for funding from the 5311 Program. While Section 5311 funding is limited to projects serving non-urbanized area transportation needs, projects may include transportation to and from urbanized areas, if riders live in non-urbanized areas. Application for 5311 funds is through an annual application process managed by ADOT MPD.

**The 5311 Program also funds the Intercity Bus Program: Section 5311 (f) and the Rural Technical Assistance Program: Section 5311 (b)(3).**

#### Intercity Bus Program

Each state is required to spend fifteen percent of its annual Section 5311 apportionment “to carry out a program to develop and support intercity bus transportation.” Arizona uses its full apportionment to support operating costs of several intercity services in Arizona. Many of the rural transit services in Arizona are intercity in nature and these are considered for funding along with other Section 5311 services.

#### Rural Transit Assistance Program

The Rural Transit Assistance Program (RTAP) is intended to be a broad and flexible program of training, technical assistance, research, and other support services for non-urbanized area transit. ADOT receives an annual allocation to develop and implement training and technical assistance programs in conjunction with the State’s administration of the Section 5311 Program. The funds are used to sponsor annual training conferences and provide scholarships for eligible transit providers in the Section 5310, 5311, 5316, and 5317 programs. An RTAP committee consisting of transit managers assists ADOT in developing the annual RTAP program. The committee includes representatives of 5310 and 5311 managers and COG representatives, meets regularly, and networks with other providers so they can represent a wide range of views.



## **Surface Transportation Program (STP)**

The Surface Transportation Program (STP) provides flexible funding that may be used by States and localities for projects on any Federal-aid highway, including the NHS, bridge projects on any public road, transit capital projects, and intracity and intercity bus terminals and facilities. ADOT's State Transportation Board makes a portion of STP funding available for use in funding transit programs statewide. The emphasis for ADOT's portion of this funding allocation is designed to meet the needs for rural and specialized transportation. The funds augment the Section 5310 and 5311 programs, and are awarded to the Section 5310 and Section 5311 applicants demonstrating a need for additional capital assistance, e.g. facilities, vehicles or other equipment.

## **A. PROGRAM GOALS AND OBJECTIVES**

The section 5311 Program provides funds for public transportation and intercity bus projects serving rural areas. Section 5311 grants are intended to provide access to employment, education, health care, shopping, and recreation.

Program Goals include:

- Assist in the development and improvement of public transportation services.
- Promote the orderly, efficient and economical operation of small city and rural transit systems.
- Distribute the funds fairly and equitably to all areas of the state.
- Assure rural transportation providers have financial stability that limits interruptions in established services.
- Develop strategies to diminish duplication of services and enhance coordination to maximize available funding.

## **B. ELIGIBLE SUBRECIPIENTS**

Eligible subrecipients for the Section 5311 Program are generally local public bodies and agencies, Tribal governments and related Tribal communities, and operators of public transportation services. Private non-profit organizations are eligible applicants under federal regulations. However, the State of Arizona requires evidence of financial capacity and managerial skill equivalent to that of public agencies to ensure project accountability. All 5311 subrecipients are eligible for RTAP funding. Eligible subrecipients and private intercity bus operators are also eligible to receive Intercity Bus funding.

## **C. ELIGIBLE SERVICES AND SERVICE AREAS**

The transportation services funded under Section 5311 must be open to the general public and marketed to the general public. Projects or portions of projects which exclude certain groups of the general public, or are intended to benefit a specific group to the exclusion of others, are not eligible for funding. Providers of special needs transportation (e.g., elderly or disabled clients) are eligible to

apply if they are a government entity (e.g. city, county, Tribe) and open their transportation services to the general public.

Section 5311-funded rural public transit operations must serve areas outside of U.S. Census Bureau defined “Urbanized Areas.” Transportation services that operate exclusively within Urbanized Areas are not eligible for Section 5311 funding. However, Section 5311 projects may service “Non-Urbanized” portions of Maricopa, Pima, Yuma, Yavapai, and Coconino Counties (areas within the metropolitan area but not in the Census-defined Urbanized Area). In addition, Section 5311 funding may be used to support residents of non-urbanized areas coming into urbanized areas for work or services.

Eligible intercity bus projects must operate between rural communities or between a rural community and an urban area.

ADOT will consider pilot projects that demonstrate the viability of transportation services that address a community’s needs. In order to increase the opportunity for early-phase success for a particular demonstration project, ADOT may elect to modify or waive certain performance and evaluation criteria for pilot projects.

## **D. ELIGIBLE ASSISTANCE CATEGORIES AND LOCAL FUNDING REQUIREMENTS**

The 5311 program will reimburse eligible capital, administration, and operating expenses directly attributed to system operations.

***Operating Expenses*** - Operating expenses are considered those costs directly related to system operations. At a minimum, the following items are considered to be operating expenses: fuel; oil; licenses; and salaries and fringe benefits for drivers, dispatchers and transit managers. The program allows funds received from service agreements with state or local public or private agencies to be used as match, even though the original source of such funds may have been from another federal program, so long as the federal program allows it. Certain in-kind match (e.g. volunteer drivers) may be substituted for cash.

***Operating Revenues*** - Operating revenues are monies derived from the project which are returned to the operation of the project to offset operating costs. All fare box revenues paid by the riders (cash fares, fares from tickets, passes, etc.) are considered to be operating revenue and therefore cannot be used as local match.

***Net Operating Expense*** - Net operating expense is the expense balance that remains after operating revenues are subtracted from eligible operating expenses. The net operating deficit must be matched from local funds. Based on Section 5311 requirements, the farebox and other operating revenue reduce the overall project operating costs eligible for Federal funding.

***Fare Recovery Program*** - Subrecipients may establish a fare recovery goal based upon local needs. ADOT does not have a specific farebox recovery requirement for the Section 5311 Program. Subrecipients are not required to charge a fare.

*Administration Expenses* - Eligible project administrative costs may include, but are not limited to:

- General administrative expenses such as salaries and fringe benefits for the transit manager and administrative staff;
- Marketing expenses;
- Insurance premiums or payments to a self insurance reserve;
- Office supplies;
- Facilities and equipment rental; and
- Administering drug and alcohol testing.

The ADOT 5311 Program does not allow administrative costs to be more than 40 percent of the total federal administrative and operating budget. Local match is required for eligible administrative expenses.

*Capital Expenses* - Capital assistance includes the acquisition and improvement of public transit equipment and facilities needed for an efficient public transportation system. Capital expenses include buses, vans, radios and communication equipment, vehicle rehabilitation, wheelchair lifts and restraints, passenger shelters, engine overhauls and special maintenance tools, operational support (such as computer hardware/software) and minor construction or rehabilitation of transit facilities. Another category of capital expenses is transit related “intelligent transportation system” (ITS) equipment. Examples include vehicle locator systems, scheduling software, information kiosks, etc.). This latter category is subject to a case-by-case review by the ADOT Project Manager.

Local match must be provided to cover the net capital cost for eligible facilities and equipment. A budgeted match ratio will be determined by the ADOT Program Manager and local match cannot be in-kind. 5311 Formula Funds as well as STP / FLEX funds are both allocated towards capital requests.

## **E. PROJECT SELECTION CRITERIA, METHOD OF DISTRIBUTING FUNDS, PROGRAM OF PROJECTS**

For the 5311 Program, ADOT MPD staff provides information to project applicants through outreach to cities, regional government agencies, and other interested parties.

Major steps in the application process are as follows:

- Each year, MPD posts the announcement of the annual 5311 program via website and email. Additionally, COG / MPOs are notified and publish the announcements locally. Interested agencies are invited to download the application package from the MPD website and to call MPD staff for additional information, as needed.
- MPD issues the Program Handbook and Application packets to interested parties.
- MPD organizes workshops and webinars to go over the grant requirements and to answer questions from potential applicants.

- MPD works with project applicants to determine eligibility and to complete applications by the announced due date. Applications that are not complete at the time of submission may be rejected.
- Councils of Governments review and comment on each application received from their planning areas.
- A regional advisory panel, consisting of individuals with rural transit knowledge, reviews each application. The review panel consists of representatives of MPOs, COGs, local or county governments, and transit planning agencies.
- Applications are evaluated based on current performance, contract deliverables (in case of current projects), and on the evaluation and selection criteria that are linked to ADOT goals. Quantitative and qualitative measures, examples listed below, that influence each criterion are further detailed in the program handbook.
  - a. Appropriateness and Effectiveness of Service
  - b. Coordination of Service
  - c. Financial/Management Capability
  - d. Local Commitment to Transit
  - e. Accessibility, Safety & Training
- The regional review panel ranks the applications and submits their recommendations to MPD staff for review.
- MPD staff then reviews and discusses project scope and budget with each applicant, and makes a final award determination based on project ranking, COG comments, and agency considerations.
- ADOT assembles and submits the proposed budgets to the FTA in a Program of Projects. MPD staff informs subrecipients of their award status at that time.
- FTA informs ADOT of its final approval of the submitted Program of Projects, typically early-summer or otherwise within 60 days of the Department's submittal to the FTA.

## **Appeal Process**

All applicants are notified in writing of the initial funding decisions made by ADOT and are given the opportunity to appeal those decisions. If filing an appeal, applicants must use the following process in order for the appeal to be considered valid.

- Letters of appeal must clearly identify the applicant, contact person, address, phone number, project description, and grounds for appeal.
- Letters of appeal must be postmarked within ten business days of notification of award and mailed to: Section 5311 Program Manager, Arizona Department of Transportation, 206 S. 17 Avenue, Mail Drop 310 B, Phoenix, Arizona 85007.

MPD staff reviews all appeals and notifies applicants of the decision within ten business days. If the applicant is not satisfied with the 5311 Program Manager's response, a further appeal may be made to the Multimodal Planning Division Director.

**This appeal must be submitted and postmarked within ten business days of the notice of the 5311 Program Manager's decision.** A copy of the additional appeal must be sent to the 5311 Program Manager. The Multimodal Planning Division Director will then provide a written response to the applicant within 30 days of receipt of the appeal to the Division Director's Office.

## F. SUBRECIPIENT RESPONSIBILITIES

### **Local Stakeholder Involvement – Transit Advisory Committee (TAC)**

Section 5311 program recipients are responsible for garnering support from a broad number of stakeholders. These should include local governments, local businesses, the medical community, and agencies serving seniors and people with disabilities. An additional requirement is the use of an on-going Transit Advisory Committee (TAC), made up of key stakeholders. The TAC's role is to advise the subrecipient agency on local perceptions of system operation. This includes ensuring that the service responds to changing local needs, commenting on service quality and effectiveness, soliciting community participation, helping the system achieve financial sustainability, and related issues. TAC members should be ambassadors for the transit program and serve as the transit program manager's eyes and ears in the community.

### **Planning**

All projects require early, coordinated and comprehensive planning and should involve participation by a variety of stakeholders. This comprehensive approach is strongly encouraged at the federal and state levels so that transportation investments are maximized to provide the most effective and efficient use of resources. ADOT's Statewide and Rural Transportation Planning program provides assistance to local entities for transit planning for both new and existing systems.

**Five Year Transit Plans:** Five-year plans are required of 5311 providers and must have specific accountability elements and appropriate analysis to support accomplishment of goals established by the transit managers and stakeholders. For on-going projects, an updated copy of the implementation plan schedule/matrix from the Five Year Transit Plan that includes the project, must be submitted with annual applications. The implementation plan schedule/matrix will include a detailed schedule of activities, steps to accomplish tasks, responsible persons, and completion dates.

This schedule/matrix will be discussed during the application interview. New applicants must submit appropriate transit planning documents.

### **Coordination**

Coordination is a key to providing strong and effective transportation networks in communities. A comprehensive approach to planning and managing transit services enables communities to identify how coordination would assist them in making the best use of their resources and strengthen their programs. MPD is continually strengthening its emphasis on coordination to reflect the changing federal emphasis.

***Regional Transportation Coordination Plans:*** Per federal regulations, *Regional Transportation Coordination Plans* have been developed in each region of Arizona. Being including in a *Coordination Plan* is required for the FTA 5310, 5316 and 5317 programs and strongly encouraged for 5311 program participants. The rural Councils of Governments (COGs) and the Metropolitan Planning Organizations (MPOs) in Urbanized Areas are responsible for maintaining and updating *Transportation Coordination Plans* in each region.

## **Public Hearings and Private Sector Involvement**

Section 5311 subrecipients must provide ways for active public involvement in the transit decision-making process. This is accomplished through the local Transit Advisory Committee, through public hearings, and other local government citizen participation processes.

As part of this process, private sector transportation providers must be notified of the provider's intent to apply for Federal transit funding. They must also be given an opportunity to comment. This is accomplished by publishing a public notice in a newspaper of general circulation and by writing letters to providers.

The transportation network in rural Arizona includes both publicly funded and private for profit services. Most often, private carriers in Arizona serve intercity needs, provide tour services, or operate local taxi services. Both public and private sector services are valuable components of a comprehensive passenger transportation network and private operators are given an opportunity to participate in the development of public transportation services, to the extent feasible. The 5311 applicants must provide reasonable notice to all transportation providers in the proposed service area to inform them of the project and ascertain whether the private providers could participate in the project.

All applicants for Section 5311 Rural Public Transportation Program funds must hold a public hearing. Public notices must be published in the newspaper(s) having general circulation in the vicinity of the proposed undertaking. Any public hearings must be held at a place and time generally convenient for persons affected by the proposed undertaking. The site must be accessible to the elderly and/or persons with disabilities. Provisions should be made at the hearing for submission of written statements, exhibits, and oral statements. If requested, translation must be provided for non-English speaking persons, as outlined by the local Limited English Proficiency (LEP) Plan.

## **Safety**

A commitment to operating safe services is a fundamental component of rural transit. Effective driver training is one important element. Section 5311 agencies must have a driver-training program.

## **Expected Training Program**

Consistent with industry standards, ADOT expects, at a minimum, a transit program to address the following training topics and document staff participation:

| <b>Training Program</b>   |  |
|---|--|
| Customer Service  | Passenger Service & Safety (PASS) Training or START  |
| Employees must be familiar with the transit system's Policies and Procedures.           | First Aid and CPR training   |
| Safety and Security   | American with Disabilities Act (ADA), including service requirements.  |
| Emergency Preparedness and Evacuation Planning  | Defensive Driving training (all employees)   |
| Pre-Employment Drug Test (employee cannot perform duties until test results are known). | All employees must receive at least one hour of training on the effects and consequences of prohibited drug use; pre-employment and drug/alcohol testing requirements. |
| Vehicle Pre-trip Inspection training  | Dispatchers, at least 24 hours (OJT) training.   |
| Vehicle Maintenance Reporting procedures  |  |
| At least 24 hours of route introduction with experienced driver.                        |  |

## G. REPORTING REQUIREMENTS

Section 5311 subrecipients are expected to maintain records of ridership, service characteristics, maintenance activities, expenses, and revenues on a daily basis. The information subrecipients collect, monitor, and report is information that is needed to assess the performance of their transit services. This information is then tabulated for monthly and annual reports. Subrecipients submit these statistics monthly in reports accompanying their monthly invoice.

| <b>Subrecipient Administrative Responsibilities</b>   |
|---|
| Provide ADOT with the following information according to the timetable specified:   |
| <b>MONTHLY:</b> Reimbursement Requests and DBE Contracting Activities   |
| <b>QUARTERLY:</b> TAC Minutes, Progress Status of 5 Year Implementation Form, Coordination Process Monitoring, and Bus Schedules                          |
| <b>ANNUAL:</b> Private Sector Policy, Single Audit Report, NTD Report, Drug and Alcohol MIS Report, Labor Protection Provision, and Insurance Certificate |

## NATIONAL TRANSIT DATABASE (NTD)

The FTA requires each recipient and subrecipient under the Section 5311 program to submit annual rural data through the National Transit Database (NTD). The NTD is the system through which the FTA collects uniform data needed by the Secretary of Transportation to administer department programs.

## **Public Transportation State Management Plan**

ARIZONA DEPARTMENT OF TRANSPORTATION

Mandatory reporting, due to **FTA October 28** of each year, requires each State DOT receiving funds under the Section 5311 program to submit an annual report for each Section 5311 transit agency. Each subrecipient must provide information on annual revenue, operations, fleet size, service miles, and ridership. **The reporting period is July 1<sup>st</sup> through June 30<sup>th</sup>** and subrecipients must submit their data to ADOT no later than **September 1<sup>st</sup>** of each year. Subrecipients are required to use the report form located on the MPD webpage to submit their transit data. As the section 5311 recipient, ADOT compiles the rural data and submits to the NTD no later than **October 28<sup>th</sup>**.



## **VI. Coordinated Mobility Programs; Sections 5310, 5316 and 5317**

### **Section 5310, Elderly Individuals and Individuals with Disabilities Program**

Section 5310 funds projects providing transportation services to persons who are elderly (age 60 and over) and persons with disabilities for who mass transportation services are unavailable, insufficient or inappropriate. Eligible projects provide capital assistance and mobility management to agencies providing specialized transportation to the elderly and people with disabilities. These agencies are generally private non-profit agencies. However local government units, including Tribal governments and related community agencies, have strong participation in the Program as well. This program is available to agencies statewide, through an application process managed on ADOT's behalf by the MPOs in urbanized areas and COGs in rural areas.

### **Section 5316, Job Access and Reverse Commute (JARC) Program**

Section 5316 funds are provided to assist states and localities in developing new or expanded transportation services that connect welfare recipients and other low-income persons to jobs and other employment related services. ADOT is responsible for implementing the statewide JARC program for rural (less than 50,000 population) and small-urbanized (50,000 to 199,999 population) areas of the state. JARC funds provide capital, operating, and planning assistance for services, equipment, facilities, and associated mobility management projects; which provide access to jobs. ADOT utilizes rural Council of Governments (COG) and small urban Metropolitan Planning Organization (MPO) offices to assist with dissemination of information and in the screening of applicants, during the annual statewide application process.

### **Section 5317, New Freedom Program**

Section 5317 assistance provides funds for services and facility improvements that address the transportation needs of persons with disabilities. Funds are available to support capital, operating expenses, and mobility management functions related to new public transportation services targeted to people with disabilities **and** public transportation alternatives that go beyond those required by the Americans with Disabilities Act (ADA). ADOT is responsible for managing the New Freedom program for rural (less than 50,000 population) and small-urbanized (50,000 to 199,999 population) regions of the state. ADOT utilizes rural Council of Governments (COG) and small urban Metropolitan Planning Organizations (MPOs) to assist with dissemination of information and in screening applications during the annual statewide application process.

## A. PROGRAM GOALS AND OBJECTIVES

### Section 5310

The overall goal of the Section 5310 program is to strengthen transportation services available to meet the special needs of the elderly and persons with disabilities. These populations have transportation needs which are often not met by conventional automobile or public transportation, and require specialized assistance in order to access services, employment, and medical care.

All Section 5310 projects must provide service to elderly persons (60 years and over) and/or persons with disabilities of all ages. Agencies may transport a broader range of clientele, but the large majority of persons who will be transported must be individuals who are elderly or have disabilities.

### Section 5316

The purpose of the Section 5316 Job Access and Reverse Commute (JARC) Program is to provide funding for new or expanded transportation services that connect welfare recipients and other low-income persons to jobs and employment-related activities.

**Job Access** projects are targeted to develop new or expanded transportation services such as shuttles, vanpools, new bus routes, connector services to mass transit, and guaranteed ride home programs for welfare recipients and low income persons who are unemployed or underemployed. These grants are designed to serve persons at or below 150% of the federally defined poverty level.

**Reverse Commute** projects are not totally constrained by end-user income level and provide transportation services to suburban employment centers from urban, rural and other suburban locations for all populations.

### Section 5317

The New Freedom program seeks to reduce barriers to transportation services and expand the transportation mobility options available to individuals with disabilities.

The purpose of New Freedom projects must be to provide new transportation options for individuals with disabilities, beyond the level of services required by the ADA. Projects must be both “new” (not operational before August 10, 2005) and beyond the requirements of the ADA.

## B. ELIGIBLE SUBRECIPIENTS

### Section 5310

Eligible applicants for Section 5310 assistance include:

- Private-non-profit (PNP) corporations when publicly operated mass transportation services are unavailable, insufficient, or inappropriate;

- Governmental authorities such as cities, counties, towns or public agencies; and
  - Approved by the State to coordinate services for elderly individuals and individuals with disabilities; or
  - Certifying to Arizona Department of Transportation that no nonprofit corporation is readily available in an area to provide the needed service.
  - Public agencies **can** be applicants providing services which the State believes are conducted in the interest, or are otherwise strong supportive, of local, regional, and/or State coordination objectives.
- Tribal governments and related Tribal community agencies.

Arizona has a strong tradition of working with private non-profit corporations to assure that appropriate services are available to meet the mobility needs of people who are elderly or have disabilities and these entities remain a focus of the program.

### **Section 5316 and 5317**

Eligible subrecipients for the Section 5316 and 5317 programs include private non-profit organizations, State or local governmental authorities including tribal governments, and operators of public transportation services, including private operators of public transportation services. The latter group includes private-for-profit cab, shuttle, and transit operators.

## **C. ELIGIBLE ACTIVITIES/PROJECTS**

### **SECTION 5310**

Funds for the Section 5310 program are available for capital expenses to support the provision of transportation services to meet the special needs of elderly persons and persons with disabilities.

Examples of eligible capital expenses include:

- Vehicles
- Radios and Communication Equipment, Computer Hardware/Software
- Mobility Management (defined at the end of Section C)

**Vehicle Accessibility:** Providing wheelchair (or other mobility device) accessibility to local areas is a high priority of the Section 5310 Program, in order to meet the growing needs of individuals of all ages with mobility-impairments. However, applications for non-accessible vehicles will also be considered by ADOT if this request best meets the agency's needs. However, in order to acquire a non-accessible vehicle, applicants must assure adequate ADA-compliant "Equivalent Service" for people with disabilities.

“Equivalent service” means that in order to obtain a non-accessible vehicle, an applicant must already have in its fleet (or under contract), the guaranteed availability of an ADA-compliant, wheelchair-accessible vehicle, or vehicles, in reliable and safe operating condition, to serve the area targeted in the application, as well as qualified drivers to operate it. The agency must be able to provide accessible service on a scheduling and capacity basis, which is equal to that provided to non-disabled clients.

If equivalent service is provided under contract, the contractor must have a plan in order to ensure that equivalent service is available.

**Eligible Trip Purpose:** Equipment provided through the 5310 Program may be used for all trip purposes. ADOT follows all FTA guidelines in reference to eligible trips to maximize mobility for the clients served. This includes but is not limited to transportation of people to:

- Medical appointments
- Meals
- Social services and facilities
- Employment
- Rehabilitation services
- Shopping
- Recreational and social activities

## **SECTION 5316**

Eligible activities for *Job Access* grants include capital, operating, and planning expenses for services, equipment, facilities, and associated capital maintenance items related to providing access to jobs for low-income individuals. All grants are reviewed for consistency with FTA requirements for JARC funds and compliance with FTA requirements with respect to trip purposes.

For *Reverse Commute* grants, eligible activities include the same activities as for Job Access grants: operating costs, capital costs and other costs; however these projects must address “reverse commute” by bus, train, carpool, vans or other transit service.

## **SECTION 5317**

Eligible activities for New Freedom grants include capital and operating expenses for services, equipment, facilities, and associated capital maintenance items related to providing services for people with disabilities that go beyond the requirements of the ADA.

## **MOBILITY MANAGEMENT**

Mobility Management is an eligible project under all three Coordinated Mobility Programs and can consist of short-range planning and management activities and projects (including personnel and technology activities) for improving coordination among public transportation and other service providers.

Mobility Management techniques should enhance transportation access for populations beyond those served by any one agency or organization. Mobility Management is intended to build coordination among existing public transportation providers and other transportation service providers with the result of expanding the availability of service.

## **D. ELIGIBLE ASSISTANCE CATEGORIES**

### **SECTION 5310**

Funds for the Section 5310 program are available for capital expenses to support the provision of transportation services to meet the special needs of elderly persons and persons with disabilities.

### **SECTION 5316**

Eligible activities for *Job Access* grants include capital, operating, and planning expenses for services, equipment, facilities (and associated capital maintenance items) related to providing access to jobs for low income individuals as well as Reverse Commute projects.

### **SECTION 5317**

Eligible activities for New Freedom grants include capital and operating expenses for services, equipment, facilities, and associated capital maintenance items related to providing services for people with disabilities that go beyond the requirements of the ADA.

### **MOBILITY MANAGEMENT**

As previously stated, Mobility Management is an eligible project under all three Coordinated Mobility Programs and can consist of short range planning and management activities and projects for improving coordination among public transportation and other service providers, to include personnel and technology activities.

## **E. LOCAL SHARE AND LOCAL FUNDING REQUIREMENTS**

Capital projects funded under the Coordinated Mobility Programs require a local match equal to a percentage of the final invoice for all projects, including Mobility Management and STP funds under the Section 5310 program.

An additional administrative fee is added for capital equipment procurements conducted by ADOT on behalf of the subrecipient.

Local match for capital procurements must be in monetary form, such as an agency check or Cashiers Check, and must be submitted to ADOT when equipment orders are placed. In-kind donations do not count towards local match requirements for capital purchases.

For Mobility Management personnel projects, assurance of the availability of dedicated local funds or in-kind resources is required at the time of application.

Some federal funds **can** be used as local match. These include funds provided under: Older Americans Act Title III, Temporary Assistance to Needy Families (TANF), Indian Reservations Road Programs, and STP Flexible Funds.

Federal funds that **cannot** be used as local match are other USDOT program funds, including Section 5310, Section 5311, Section 5316, and Section 5317 funds.

Non-Federal local match can be in the form of contract revenue, derived as part of purchase of service agreements with human service agencies, **only if the funding source is local or state**. If the source is federal, the revenue will only be considered as local match if allowed by the federal funding source. It should be noted that funds derived from purchase-of-service agreements pursuant to service agreements with a state, local social service agency, or a private social service organization may be treated as *local* rather than Federal funds, **even though the original source of such funds may have been from another Federal program**. Examples of Federal programs where funds can be used as match in this instance are Older Americans Act Title III funds, Temporary Assistance to Needy Families (TANF) funds, and Community Services Block Grant funds.

Other examples of non-Federal local match sources include:

- State or Local Appropriations;
- Dedicated Tax Revenues;
- Private Donations; and
- Net Income Generated From Advertising and Concessions.

Subrecipients may use non-cash shares such as donations, volunteered services, or in-kind contributions toward the local match only if the subrecipient formally documents the value of each non-cash share, and if this value represents a cost that would be eligible under the project. Use of non-cash match sources and documentation must be approved by ADOT.

Farebox revenues from service **cannot** be used as local match. Farebox revenue is only to be used to reduce the net operating expense of the program.

Further clarification of these requirements is available from MPD staff.

## **F. PROJECT SELECTION CRITERIA, METHOD OF DISTRIBUTING FUNDS, PROGRAM OF PROJECTS**

ADOT works closely with regional transportation planning agencies to solicit, review and award grant applications under the Coordinated Mobility Programs. In rural areas of Arizona these agencies are Council of Governments (COG). In urbanized areas, Metropolitan Planning Organizations (MPO) fill this role.

Coordinated Mobility Program applications are linked directly to the contractual funding agreement between the local agency and ADOT, and include all the necessary contract language as well as federal clause and certification requirements. Applications, if approved, become the basis for the funding contract.

Applicants are required to submit contract signature pages at the time of application submission, which binds the applicant to officially commit to required local funding for the project(s).

Major Steps in the Application Process are listed below:

- ADOT's MPD announces Coordinated Mobility Programs funding and application availability by email to all COGs and MPOs in the summer of each year. The COGs and MPOs are then responsible for notifying interested parties that applications are available. The notice of funding availability and the current program application are also posted by ADOT on their website, [http://mpd.azdot.gov/mpd/Transit\\_Programs\\_Grants/Index.asp](http://mpd.azdot.gov/mpd/Transit_Programs_Grants/Index.asp)
- Each COG and MPO then sponsors an application workshop to discuss the programs with interested applicants. ADOT staff is present at these workshops to present the programs and answer questions.
- The regional COGs/MPOs set the deadlines for local applications, which are generally due to these regional agencies in early fall. Applicants complete the appropriate applications/contracts and all supporting documents and submit the completed application(s) to the COG/MPO by the due date. Applicants may contact either COG/MPO regional staff or the ADOT Program staff for advice during this period.
- Regional review committees are then organized at the COG/MPO level and utilized to screen local applicants and make recommendations to ADOT regarding regional priorities.
- Review committees judge and rank each application using a common set of selection criteria. ADOT uses this same set of criteria to prioritize applications, and ensures that criteria are uniformly applied among regions. The quantitative and qualitative measures that influence each criterion are further detailed in the program handbook under Part II Program Application and Contract, Section D Application Process and Awards, Project Selection Criteria. Selection criteria include:
  - a. Ability of Applicant to Provide Service
  - b. Staff Training
  - c. Coordination Efforts
  - d. Civil Rights – Title VI Compliance
  - e. Appropriateness of Service
  - f. Budget – Financial Management
  - g. Need for Capital Purchase
  - h. Assurances, Certificates, and Inventory
  - i. Complete Grant
  - j. Attended Annual Application Workshop
- ADOT receives applicant rankings from the COG/MPO, prioritizes applications within a statewide context, including consideration of equitable distribution of funds and funding for Native American Tribal Governments and related communities, and finalizes an application to the FTA in a Program of Projects.

- ADOT provides COGs/MPOs preliminary notification of their region's recommended award status immediately following statewide submittal to the FTA.
- FTA informs ADOT of its final approval of the submitted Program of Projects, typically mid-spring or otherwise within 60 days of ADOT's submittal.
- ADOT notifies COGs/MPOs of final approval of projects. COGs and MPOs subsequently inform applicants of their award standing.

### **Appeal Process**

All applicants will be notified in writing by their regional COG or MPO of funding recommendations made by the ADOT MPD and are given the opportunity to appeal. The applicant must use the following process to be recognized as a valid appeal. The letter of appeal must clearly identify the applicant, contact person, address, phone number, project description and grounds for appeal. Letters of appeal must be postmarked within ten days of award notification and mailed to: Coordinated Mobility Programs Manager, Arizona Department of Transportation, Multimodal Planning Division, 206 S. 17 Ave., Mail Drop 340 B, Phoenix, Arizona 85007.

The Program Manager will review the appeal and notify the applicant in writing of his/her decision within ten days of receipt.

If the applicant is not satisfied with the Manager's response, an appeal may be made to the ADOT Multimodal Planning Division Director at the same address as above. This appeal must be submitted and postmarked within ten days of the initial program manager decision. A copy of the appeal must also be sent to the Coordinated Mobility Programs Manager. The Multimodal Planning Division Director will provide a written response to the applicant within 30 days of receipt of the appeal to the Director's Office.

## **G. SUBRECIPIENT RESPONSIBILITIES**

### **PUBLIC INVOLVEMENT**

Applicants are required to notify interested parties in their communities of their intent to apply for *capital equipment* funding under all Coordinated Mobility Programs. Operating or mobility management projects do not require public notice in advance of the application.

To complete the public involvement requirements, agencies are required to:

- Place a public notice in a newspaper of general circulation in the vicinity of the project stating the intent of the applicant.
- Send a letter to all public and private transportation providers notifying them of the same and inviting their participation.

**\*\*NOTE:** In the Maricopa and Pima urban areas, the Maricopa Association of Governments (MAG) and Pima Association of Governments (PAG) take care of these responsibilities on behalf of the applicants in their area.



**Public agencies** must also provide an opportunity for a public hearing if one is requested. ***This requirement does not apply to private non-profit agencies.*** Public notices must be published in the newspaper(s) having general circulation in the vicinity of the proposed undertaking. If someone with a significant economic, social or environmental interest in the matter requests a hearing, such public hearings must be held at a place and time generally convenient for persons affected by the proposed undertaking and accessible to persons who are elderly or have disabilities. Provisions should be made at the hearing for submission of written statements, exhibits, or oral statements. As appropriate to the ethnic makeup of the community or upon request, translators should be provided for non-English speaking persons at the hearing. A written summary of the oral proceedings must be prepared. In addition, requests for appropriate accommodation for persons with mobility, hearing, or sight impairments must be honored.

With the exception of private non-profit providers in the MAG and PAG regions, all other private and public transit providers in the applicant's service area must be informed of the applicant's plans, via written notice, and provided with an opportunity to participate in the project. All replies of private and public sector providers must be included in the application. Supporting documentation must be provided if an applicant should deny existing private and public systems the opportunity to provide the service.

In Pima and Maricopa counties, the Pima Association of Governments or Maricopa Association of Governments may place a single public notice, which takes the place of the above requirements for individual notifications to providers, and offer to conduct a single public hearing on behalf of all applicants. However, it is recommended in these regions that applicants voluntarily notify all “obvious” organizations, agencies or companies within their service area that might have an interest in and wish to comment on their application.

## VEHICLE SAFETY

All vehicles purchased with Coordinated Mobility Programs grant funding must be regularly maintained and serviced in order to provide safe operations. Recipients must document routine maintenance including (but not limited to): oil/fluid changes, tire condition, wheelchair lift inspections (if applicable), and maintain all aspects of the vehicle in accordance with the manufacturers' recommended maintenance standards.

## TRAINING

All drivers and other “safety-sensitive” personnel operating vehicles or equipment must be trained to proficiency including, but not limited to, the following areas:

- Defensive driving;
- ADA accommodations/wheelchair securement and passenger sensitivity;
- Emergency evacuation; and
- Basic first aid/CPR.

ADOT's MPD Training Coordinator is available to assist subrecipients with training needs. That may include setting up specific ADOT-sponsored training locally, or providing other resources.

## **OUT OF STATE OR COUNTRY TRAVEL**

No ADOT-funded vehicle or other capital asset may be taken across an international boundary without prior written ADOT approval. Cross-state boundary travel is permitted as long as it is consistent with the objectives of the Coordinated Mobility Programs grant award.

## **CHARGING FARES FOR ELDERLY AND DISABLED SERVICES**

Fares may be charged for elderly and disabled transportation services as long as the fares do not exceed those required to operate the system or route under consideration. In determining fair and reasonable charges, service providers should keep in mind the primary end-user/clientele group utilizing services and their income status. The operator may require fares that exceed the “normal” fare if it is providing general public service to others outside the core end-user group.

# **H. REPORTING REQUIREMENTS**

## **PROGRAM MEASURE QUARTERLY REPORTING – SECTION 5316 (JARC)**

Section 5316 reporting requirements include a quarterly report, provided through the COG or MPO, to ADOT and must describe progress relative to the applicant’s stated objectives and contract performance criteria. Reporting is completed on an ADOT provided template, as documented in Appendix D.

The FTA has identified two key reporting areas for the JARC program.

- Number of passenger trips (one way).
- Number of jobs accessed.

## **PROGRAM MEASURE QUARTERLY REPORTING – SECTION 5317**

Section 5317 reporting requirements include a quarterly report, provided through the COG or MPO, to ADOT and must describe progress relative to the applicant’s stated objectives and contract performance criteria. Reporting is completed on an ADOT provided template, as documented in Appendix E.

The FTA has identified three key reporting areas for the New Freedom program.

- Description of services beyond the requirements of the ADA.
- Number of passenger trips (one way) provided.
- Any changes to infrastructure (e.g., facilities, sidewalks, etc.), if appropriate.

## **PROGRAM MEASURE QUARTERLY REPORTING – MOBILITY MANAGEMENT**

Mobility Management reporting requirements include a quarterly report, provided through the COG or MPO, to ADOT and must describe progress relative to the applicant’s stated objectives, timeline,

and contract performance criteria. Reporting is completed on an ADOT provided template, as documented in Appendix F.

## **PROGRAM MEASURE ANNUAL REPORTING – SECTION 5310**

Section 5310 reporting requirements include an annual report to ADOT and must describe progress relative to the applicant's stated objectives and contract performance criteria.

The FTA has identified two key reporting areas for the Section 5310 program.

1. Gaps in Service Filled. Subrecipients are required to provide the annual number of clients who were eligible to receive transportation services. An aggregate number can then be reported to FTA by ADOT.
2. Ridership. Each sub-recipient must provide the estimated annual total of one-way passenger trips provided by all Section 5310 funded vehicles. An aggregate number is then reported to FTA by ADOT.

## **ANNUAL INSPECTION – VEHICLES**

Agencies who are awarded vehicles must comply with required annual vehicle inspections.

ADOT's Equipment Services Division staff conducts annual vehicle inspections and contacts all recipients directly to determine the time and location of the annual inspection. ADOT conducts inspections throughout the calendar year. The time of inspection is based on the vehicle's original delivery schedule.

Both the annual reporting on performance and vehicle inspections are requirements that continue through the entire federally defined useful life and lien period of the vehicle.

## **VII. Method for Distributing and Transferring Funds**

### **A. METHOD OF DISTRIBUTING FUNDS TO SUBRECIPIENTS**

All operating and administrative payments made under the Section 5311, 5316 and 5317 programs, as well as for mobility management projects under the Coordinated Mobility Programs, are on a cost reimbursement basis, up to the authorized amounts described in the subrecipient's contract with ADOT. Reimbursement to subrecipients requires submission of information in a uniform format specified by ADOT MPD, with full description and information required to verify the billing. Only expenses incurred during the contract period can be reimbursed.

Invoices for reimbursement of operating and non-operating expenses are submitted to ADOT MPD on a monthly basis for 5311 and on a quarterly basis for the Coordinated Mobility Programs. ADOT may impose a five percent reduction of federal reimbursement for billings and reports submitted more than 30 calendar days after the end of the monthly or quarterly billing period, or more than 60 days after the end of the final billing period.

Under the Section 5310 program, vehicles are procured by the State and then provided to successful applicants. Therefore most section 5310 funds are not distributed directly to subrecipients. The only financial transactions are remittances, by the subrecipient, to ADOT of required local matching funds and related administrative expenses. These must be submitted in advance of drawdown by ADOT of federal funds and subsequent equipment delivery to the subrecipient.

Section 5310 (equipment awards), 5311, 5316, and 5317 capital projects are distributed on a cost reimbursement basis, with the subrecipient responsible for the procurement and purchase directly. If vehicles awarded under the 5316 or 5317 programs are the same type as the vehicles awarded in the 5310 Program, then the 5310 procurement and fund distribution method referenced above is used.

### **B. DEOBLIGATED FUNDS**

If funds awarded and programmed for a specific project are not completely spent within the grant year, ADOT may deobligate those funds from an approved program of projects and those funds remain available to existing subrecipients for alternate projects during the period that the funds were originally available to ADOT.

If deobligated funds from a program are available at the close of the project year, ADOT can consider previously identified alternate approved projects as well as special requests from subrecipients.

Any Section 5310, 5311, 5316, or 5317 funds remaining at the end of a contract cycle, without an approved contract extension, will be rolled over as part of the statewide total for the specific grant in the following year and made available for allocation.

## C. TRANSFER OF FEDERAL FUNDS

ADOT must notify the FTA regional administrator of its intent to have funds transferred in order for FTA to initiate the transfer.

ADOT may transfer funds newly apportioned to the state under Sections 5310, 5316, or 5317 to apportionments under Section 5311, if deemed necessary. However, ADOT has not previously transferred Sections 5310, 5316, or 5317 funds to the Section 5311 program. The purpose of the transfer provision is not to supplement the resources available under the Section 5311 program, but to further support program activities as defined relative to the programs of which the funds are being transferred.

*Transfer of Federal Highway Administration (FHWA) Flexible Funds:* Flexible funds are certain legislatively specified funds that may be used either for transit or highway purposes. ADOT may transfer Surface Transportation Program (STP) funds, Congestion Mitigation and Air Quality (CMAQ) funds, and certain other flexible funds, from FHWA to FTA to use for transit projects.

When FHWA program funds are transferred to FTA-sponsored programs, they are transferred to either the Section 5311 or the Section 5310 program.

For transfer of flexible CMAQ or STP funds, ADOT must notify both the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) and request that FHWA transfer the funds.

## **VIII. Grant Program Management**

### **A. STATE ADMINISTRATION EXPENSES**

ADOT claims a certain portion of FTA grant sources to pay for the administrative costs of the program. Information by program is detailed below:

- Section 5303: No State administrative costs may be incurred for this program.
- Section 5304: The State charges eligible grant administrative expenses up to 15% of total costs, as allowed by FTA regulations.
- Section 5310: The state takes up to 10% of its apportionment funds for state administration.
- Section 5311: The State takes up to the allowed 15% of its apportioned funds to administer the program and to provide technical assistance to local recipients.
- Section 5316: The state takes up to 10% of its non-urbanized area apportionment funds for state administration.
- Section 5317: The state takes up to 10% of its non-urbanized area apportionment funds for state administration.
- RTAP: No State administrative costs are incurred for this program.
- STP Flexible Funds: The state takes up to 10% of its apportionment funds for state administration.

### **B. FINANCIAL MANAGEMENT**

#### **ADOT ROLES AND RESPONSIBILITIES**

ADOT MPD, in conjunction with the Fiscal Operations Group of ADOT, maintains a system of accounting and internal controls to assure an accurate and timely cash flow to local projects.

Uniform financial reporting is required of all Sections 5303/5304, 5310, 5311, 5316, and 5317 projects with a separate project code established for each grant. The project codes are established per State of Arizona standard accounting and record keeping procedures immediately upon notification of grant approval. ADOT MPD and the Fiscal Operations Group perform financial reconciliation monthly.

ADOT requests federal fund reimbursement payments through the Electronic Clearing House Operation (ECHO) system. The department follows the Department of Treasury regulations 31 CFR Part 205 and FTA Guidelines for Disbursements. ECHO draw-downs are completed regularly.

ADOT submits annual Financial Status Reports on all open grants as required by FTA. Closure of the federal grant occurs as soon as work activities for the programs are completed and after all federal funds are expended.

ADOT reviews subrecipients' quarterly revenues and expenditures, verifies funds used for match, and makes payments to subrecipients on a reimbursement basis. It reviews subrecipients' financial procedures during on-site visits, and recommends corrective action if necessary.

ADOT's financial records are supported by appropriate documentation.

Included in the application process, ADOT reviews each project for the following:

- Determine that the subrecipient's accounting system is adequate and capable of segregating, accumulating, and maintaining allocable and allowable costs as they apply to the project, and/or contract, and to document necessary facts that might be needed in past audits;
- Establish procedures or issue any necessary specific instructions to the project that would help prevent any future misunderstanding;
- Establish that proposed costs are reasonable and in line with those that the subrecipient is currently incurring;
- Establish that the subrecipient has the financial capability to perform the services required;
- Determine that the applicant has an inventory procedure to assure that equipment purchased with federal and/or state funds can be accounted for at any time (documentation of the inventories should be on file at all times);
- Assure that the applicant can comply with the provisions of OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations;
- Review grant projects for compliance with statutory and program guidance;
- Review documentation supporting project expenditures for eligibility and ensure program match requirements are met;
- Review invoices, when appropriate to the grant award, from subrecipient and reimburse subrecipient within 30 days after receipt and approval of invoices, in a total amount not to exceed the approved invoiced costs of the grant award; and
- Communicate with the subrecipient and FTA as necessary to facilitate program compliance and procedural efficiency.

## **SUBRECIPIENT ROLES AND RESPONSIBILITIES**

Subrecipients receiving funds from MPD must manage their projects to conform to the most stringent of applicable state or federal laws, rules, and other requirements. Subrecipients are required to conform to Office of Management and Budget regulations.

Subrecipients must:

- Administer the grant from award to closeout;
- Develop internal policies and systems to ensure effective management of awards and compliance with grant requirements;

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- Establish strong internal controls for accounting and compliance with grant terms and conditions;
- Demonstrate that funds are expended for eligible and allocable activities;
- Track receipts, disbursements, assets, liabilities, and balances;
- Track and report program income;
- Ensure that the organization has a financial management system and any other systems that are appropriate to implement the project;
- Establish a budget of the costs required to perform the program/project and a method for monitoring actual costs against the budget;
- Submit payment of grant required match and administration fees upon receipt of executed contract for ADOT funded capital purchases; and
- Review documentation supporting project expenditures for eligibility and ensure program match requirements are met.

To be allowable for reimbursement from state and federal grants, costs must meet the following general criteria:

- Be necessary and reasonable for proper and efficient performance and administration of the project;
- Be an eligible expense;
- Be treated consistently. A cost may not be assigned to the grant as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to a grant as an indirect cost;
- Be determined in accordance with generally accepted accounting principles;
- Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period;
- Be the net of all applicable credits; and
- Be adequately documented to include a system generated financial summary, or Excel spreadsheet accompanied by appropriate backup documentation (i.e. invoices, payroll, etc.), disclosing an expense amount that matches the invoice amount.

*Indirect cost eligibility.* ADOT will not approve indirect costs charged to Section 5311 program grants that are not supported by an indirect cost plan approved by a federal cognizant agency. The Coordinated Mobility Programs grants (administration, operating and mobility management expenses) only allow direct costs.

*Internal controls.* Internal controls are the responsibility of the subrecipient agency. Internal control procedures for subrecipients will reflect the culture and size of the agency. Smaller agencies may have less formal structure, but will emphasize integrity and communication. Smaller agencies may rely on compensating controls due to low numbers of employees. Internal controls are defined as reliability of financial reporting and compliance with applicable rules and laws. There are generally five elements of internal control: control environment, risk assessment, control activities, information and communication, and monitoring.



Internal control procedures should address the following: cash management, fixed assets, procurement, accounts payable, payroll, overhead, budget controls, grants management, project management and information technology.

## **CONTRACTS WITH ADOT**

Each successful applicant is provided funds through a grant contract agreement with ADOT that has specific terms and conditions. The Agreement identifies the responsibilities of ADOT and the subrecipient, lists the performance expectations and contract deliverables, and includes all Federal requirements. This Agreement is entered into at the time of application. By signing the application, the applicant is committing to a legal binding Agreement with ADOT if awarded funding.

Agreements are effective from October 1 to September 30 each year, consistent with the Federal fiscal year. Agreements must be executed *before* October 1 of the contract year in order for subrecipients to be eligible for reimbursement of costs incurred *beginning* October 1. **ADOT Multimodal Planning Division will not assume financial obligation or liability until the Agreement is executed.**

Approved subrecipients are responsible for all expenses incurred prior to the eligible date established in the Agreement. No Federal funds will be available until the contract is executed. Agencies that use local funds to cover expenses before the Agreement is signed need to be aware that these funds will not count toward their local match requirements for federal funds available after the Agreement is executed. Per the Agreement, ADOT has the authority to re-distribute funds if the Agreement is not executed by December 31<sup>st</sup> of each year.

## **AUDIT REQUIREMENTS**

State agencies are responsible for: ensuring that audits are performed pursuant to the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations;" resolving audit findings; and bringing problems to FTA's attention. FTA does not require an annual financial audit of a subrecipient when assistance is provided solely in the form of capital equipment procured directly by the State.

However, as recipients of federal funds and/or state assistance, ADOT's programs are subject to an audit and in any given year ADOT or federal auditors may choose to review financial records of subrecipients. These actions are designed to ensure tighter budget-process control, asset inventory management and enhanced ADOT-FTA reporting capability.

A financial audit is required of subrecipients each year an agency expends over \$500,000 in federal financial assistance in accordance with OMB Circular A-133.

If the amount of FTA funds granted to a particular subrecipient does not trigger the requirement for an A-133 audit, the State may still request a review.

## C. PROJECT MONITORING AND COMPLIANCE

### SECTION 5303

Each Section 5303 recipient submits for reimbursement on a monthly or quarterly basis. MPD's oversight function ensures that MPO expenditures are tied to specific study projects identified in their overall work plan.

### SECTION 5304

Section 5304 projects may be managed directly by ADOT or by the local government agency requesting funding. In either circumstance, ADOT staff participates on advisory committee meetings, playing an active role in project guidance. For directly managed projects, ADOT is responsible for procurement of (consultant-related) services. When funds are passed through to a local entity, ADOT provides support for the procurement process, to assure it meets Federal guidelines. ADOT MPD monitors the expenses for planning projects on a monthly or quarterly basis.

### SECTION 5310, 5316, 5317

ADOT MPD conducts annual monitoring of subrecipient equipment and services. This oversight consists of an annual inspection for vehicles on lien. These are carried out with the assistance of the Equipment Services Division of ADOT. Subrecipients take their vehicles to a regional ADOT maintenance facility for inspection, where the vehicle receives a thorough review. Service data and inspection information is then tracked and updated in ADOT's Fleet Focus system. Vehicle failure items are rectified within 30 days of identification.

In depth management reviews / site visits of all agencies receiving Coordinated Mobility Program funds are completed periodically, at least once every three years. These site visits are conducted with assistance of the regional Council of Governments (COGs).

Site visits focus on program compliance, vehicle use, maintenance, insurance, and safety. Representative topics include:

- Recent Program Changes (administrative and service)
- Compliance with Work Scope (i.e., is the vehicle and/or services being used in accordance with the description in the subrecipient's original or approved/revised application?)

In addition, ADOT reviews compliance with FTA requirements, including:

- Program Management - written internal organization policies and procedures;
- Financial Management - procedures, recent audits, etc.;
- Vehicle Use, including insurance coverage reviews (if applicable);
- Vehicle Maintenance & Safety (if applicable); and

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- \*Civil Rights, including Americans With Disabilities Act (ADA) Service Provisions; Title VI; Limited English Proficiency (LEP); Equal Employment Opportunity (EEO); Disadvantaged Business Enterprise (DBE) participation, and other related activities.

\*The Civil Rights staff of ADOT conducts site visits of civil rights requirements separate from the site visits conducted by MPD and COG staff.

If site visits reveal consistent deficiencies, ADOT will provide technical assistance and training as needed.

## SECTION 5311

ADOT requires the following annual documentation from FTA subrecipients:

| Product                                | Due Date   |
|--|--|
| Transit Advisory Committee Minutes     | January<br>April<br>July<br>October                                      |
| DBE Report                             | May  |
| Five Year Implementation Plan Schedule | With application   |
| Single Audit Report                    | Due within 6 months after the transit provider's agency fiscal year end. |

ADOT visits subrecipients regularly and conducts spot reviews, as necessary. Comprehensive site reviews are completed every three years.

Site visits are used to determine if all requirements, as specified in the 5311 contract, are being met. On-site visits include a detailed review of: receipts for invoices to verify cost reimbursement amounts, ridership statistics, funding levels, transit service operation and service to the elderly, disabled, and the general public.

Recipient reviews provide inquiry into a number of areas with a focus on vehicle use, maintenance, insurance, safety, and program audit financial issues. Other areas of interest include:

|                                       |  |
|---------------------------------------|--|
| Recent Program Changes                | Compliance with Work Scope               |
| Americans with Disabilities Act (ADA) | Financial Management with Audit Findings |
| Vehicle Use                           | Vehicle Maintenance Plan                 |
| Marketing                             | Procurement Documentation                |
| 5 - Year Transit Plan Schedule        | Ridership Statistics                     |

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|   |   |
|---|---|
| Planning and Coordination Issues            | Program Management – written internal organization, policies and procedures |
| Training                                    |   |
| Safety & Security Evacuation Plan           |   |
| Continuing Control of FTA Funded Facilities |   |

ADOT also conducts vehicle inspections that are typically performed during on-site visits or more often if the inspection performed indicates that equipment is not being well maintained or operated in an unsafe manner. Inspections include all major vehicle components, maintenance records, and insurance policies. MPO/COG staff usually assists with the vehicle inspection process.

### **Continuing Control of FTA Funded Facilities**

When facilities are acquired, built, or improved through Section 5311 funding, ADOT ensures satisfactory continuing control of the capital facility through the annual site visit process. ADOT ensures that there is no degradation or failure to maintain the federal investment, facilities are available to the public, and that subrecipients comply with ADA and other federal requirements.

### **In Good Standing**

It is the policy of MPD to administer state and federal grants in compliance with all appropriate federal and state regulations and use best practices in the management of public funds and public accounting. Section 5311 subrecipients are expected to maintain a “good standing” status to continue to receive grant funds.

The following is required to remain in good standing:

- Comply with all IGA Contract Requirements;
- Responsiveness to communications and requests for information from ADOT;
- Maintenance of adequate financial records that document and support all grant expenditures;
- Submittal of quarterly progress reports and invoices that are accurate and timely;
- Full participation in site visits with timely responses to any deficiencies that are noted during and/or after the site visit;
- Submission of reports to ADOT including audit documents, vehicle insurance certificate, quarterly TAC minutes, etc; and
- Satisfactory progress of the grant funded project; and
- Timely reporting of accidents as required.

## D. REPORTING AND RECORD RETENTION REQUIREMENTS

There are a number of required routine reports, including fiscal, performance, and vehicle status. There are also special purpose reports, such as for the National Transit Database, which are associated with specific types of funds, and unique program measures for several of the programs. The special purpose reports are covered in more depth under the specific grant program sections earlier in the document.

ADOT requires performance and fiscal reports from subrecipients for each of its funding programs. Grant payment is based on receipt and approval of the reports and reimbursement requests. Performance reports document the number of rides, hours, miles, senior and disabled passenger counts, quarterly revenues and expenditures, local contributions, source of contribution, and other data as required by the specific funding source. Capital reimbursements are made based on vendor receipts or maintenance descriptions. Vendor receipts for maintenance may be required to verify eligible expenses. Depending upon the type of grant, ADOT may require other types of documentation in order to process reimbursement requests.

MPD is in the process of implementing online grants management software that will require the same information, but in a different format. The planned transition period to move from the current paper system to the online system is 2-3 years.

### RECORD RETENTION

ADOT records, pertinent to grants, are retained by the division for a period of five years. If any litigation, claim or audit starts before the expiration of the five-year period, ADOT extends the retention period until all litigation, claim, or audit findings have been resolved. All records are readily available to authorized representatives of the State of Arizona, the U.S. Department of Transportation, and the Comptroller General of the United States.

Subrecipients must keep grant records, including procurement records and other associated records for each grant, for five years after a project is completed, and after a vehicle is taken out of service. Subrecipient requirements, such as drug and alcohol testing, may have unique record retention requirements. Subrecipients are responsible for knowing and following the record retention requirements. Site Reviews will include an assessment of the record retention capacity of subrecipients by reviewing source documents and inspecting records.

### ADOT RESPONSIBILITIES

- Maintain records sufficient to manage the programs and report to the FTA, including the annual program of projects status reports and financial status reports.
- Report annually as required to National Transit Database (NTD), Drug and Alcohol MIS, and also as required for 5310, JARC and New Freedom programs.
- Maintain grant reports a minimum of five years after project completion.
- Require subrecipients to maintain reports and to report, as required.

## **SUBRECIPIENT RESPONSIBILITIES**

- Submit reports as required by the grant agreement(s). Reports must be true, accurate, current, complete and supported by adequate documentation.
- Maintain grant reports, records, and documentation a minimum of five years after project completion.
- Submit performance and vehicle reports on the forms provided by MPD.
- Submit reimbursement requests, with appropriate financial documentation, either monthly or quarterly, depending on grant program. If the reimbursement request is later found to be incorrect, the subrecipient is obligated to notify the MPD about the error and will reimburse overpayment, or may submit documentation for additional reimbursement.
- Report as required for 5310, 5311, 5316, and 5317 programs, including and not limited to NTD, drug and alcohol, and program performance measures.

## **E. PROCUREMENT / THIRD PARTY CONTRACTING**

Procurement procedures used by ADOT MPD and its subrecipients comply with applicable State law and Federal requirements contained in FTA Circular 4220.1F. Every year, ADOT MPD ensures the most recent federal clauses and certifications from FTA are included in every bid packet and purchase order.

### **SECTION 5310/5316/5317**

ADOT conducts the procurement process for most vehicle purchases. Subsequent to ADOT's submittal of the Program of Projects to the FTA on behalf of the selected recipients, MPD works with ADOT's Procurement Office to begin a vehicle procurement process for the vehicle types requested.

For specialized vehicles and other types of equipment not normally procured by ADOT, 5310/5316/5317 subrecipients must qualify for and utilize the ADOT Section 5311 Program's Capital Procurement Process, which is outlined in a Capital Procurement Handbook. The Handbook is available online and included as Appendix C.

Applicants who procure equipment on their own must comply with all steps associated with major capital procurements, including, but not limited to, selecting an appropriate method of solicitation, advertisement, conducting a federally approved bidding process, contracting, and obtaining appropriate federal Buy America, Bus Testing, Lobbying and Debarment certifications. Subrecipients are advised to contact the ADOT Coordinated Mobility Programs Manager prior to engaging in any procurement activity, as all procurements require final ADOT approval.

### **SECTION 5311**

Section 5311 subrecipients are responsible for directly procuring vehicles and other goods and services and must comply with state law and federal procurement requirements before ADOT will approve reimbursement.

Subrecipients in the Section 5311 Program procure a variety of operating and capital items. In doing so, purchasing policies must comply with a variety of regulations. Section 5311 subrecipients are required to follow Federal and State procurement requirements, as outlined in the **ADOT Multimodal Planning Division Capital Procurement Handbook prepared in February 2010**. The Handbook can be obtained on the web at: [http://mpd.azdot.gov/mpd/Transit\\_Programs\\_Grants/ProgGuide.asp](http://mpd.azdot.gov/mpd/Transit_Programs_Grants/ProgGuide.asp) and is included as Appendix C.

Most state and federal procurement regulations are typically incorporated in local government purchasing policies and procurement procedures. These policies and procedures, under the direction of a local finance department and/or legal counsel, should be coordinated with the information in the Capital Procurement Handbook.

In regards to methods of solicitation (i.e.: Invitation for Bid (IFB) or Request for Proposal (RFP), ADOT allows subrecipients to use either the prescribed method identified by ADOT or a method established by the local City, County, or Tribal government process.

Subrecipients are also encouraged to utilize a joint procurement process. This allows subrecipients to purchase vehicles through an existing open contract established by another agency. Through this process, subrecipients can benefit from volume purchases and the reduction in administrative workload and expenses. Guidelines and requirements for joint procurement are included in the Capital Procurement Handbook.

Subrecipients must submit a copy of the vehicle or other capital specifications, TAC minutes approving procurement, Intergovernmental Procurement checklist, Joint Procurement checklist (if applicable), and copy of the contract from the joint procurement agency (if applicable) to the 5311 Program Manager for approval prior to release for solicitations to potential bidders.

Subrecipients must obtain authorization from the ADOT Program Manager for any vehicle purchase prior to submitting an order with vendors. Failure to receive prior approval may result in delay of reimbursement. Before ADOT can reimburse any purchase, all required documentation must be submitted. Checklists for the required documentation are provided in the Capital Procurement Handbook.

## **BUY AMERICA PROVISIONS**

The Buy America requirement affects vehicle and equipment purchases and construction contracts valued at \$100,000 or more. It provides, with exceptions, that federal funds may not be obligated for transportation projects unless the steel and manufactured products used in them are predominantly produced (60% domestic content) in the United States.

ADOT funding of vehicles is subject to Federal procurement regulations, which include Buy America provisions for purchases over \$100,000. For these purchases, ADOT and its vendor-manufacturer must certify that a certain percentage of vehicle components are manufactured--and final vehicle assembly occurs--in the United States.

## **PRE-AWARD AND POST DELIVERY AUDITS**

Procurements for vehicles must be in accordance with “Pre-Award and Post-Delivery Audits of Rolling Stock Purchases” (49 CFR Part 633; Federal Register March 31, 1992). The rule requires that any recipient who purchases rolling stock certifies that it has conducted a pre-award and post-delivery audit to ensure compliance with its bid specifications, Buy America requirements, and Federal Motor Vehicle Safety Standards.

Visual inspection and road testing are required when purchasing unmodified vans, cars, or 20 or fewer buses. Resident/on-site manufacturer inspection is required when purchasing more than 20 buses or modified vans from a single manufacturer.

Prior to delivery by the manufacturer/vendor to ADOT, Department inspectors—typically including MPD and Equipment Service personnel—review vehicles on the assembly line and a completed vehicle for adherence to ADOT specifications. Vehicle inspections are performed by the ADOT Equipment Services Division upon shipment to ADOT, and prior to recipient delivery, to further ensure that Federal and State specification requirements are met.

## **BUS TESTING**

New bus models must be tested at the FTA sponsored test facility in Altoona, PA before federal funds can be expended for their purchase. The primary purpose of the testing program is to determine the strengths and weaknesses inherent in the particular model for typical operating conditions. Ideally, recipients and subrecipients use the bus-testing report as one of the criteria used to select the vehicle for purchase. The FTA rule exempts certain vehicles from testing (usually sedans and non-modified vans).

Recipients and subrecipients purchasing equipment with federal funds are required to receive the Altoona/STURAA bus test report for each vehicle purchased and include it in procurement files, if the test is required. The vendor/manufacturer must provide a signed bus testing certification with the vehicle bid proposal along with the Altoona bus test report.



## **IX. Satisfactory Continuing Control / Management of Capital Assets**

All property acquired using federal funds must be utilized and disposed of in accordance with the applicable FTA program circular, FTA Circular 5010.1D (as amended) and 49 CFR 18 or 49 CFR 19.

Title to all property purchased with federal funds must be vested in the name of the subrecipient with ADOT as the first and only lien holder. ADOT MPD retains the title to all rolling stock until the vehicle(s) meets federal useful life requirements.

Subrecipients are required to maintain the property at a high level of cleanliness, safety, and mechanical soundness. Each subrecipient must establish a maintenance program that, at a minimum, meets the equipment manufacturer's recommendations. ADOT has the right, and obligation, to review the transit system's maintenance and safety programs and to conduct periodic audits of equipment and facilities funded with state and federal funds administered by ADOT.

The subrecipient must have the requisite fiscal capability to carry out the project and is responsible for maintaining required insurance coverage, property records, conducting physical inventories, implementing adequate property control systems and maintaining the equipment in proper working condition. Documentation must be available upon request.

### **VEHICLE INVENTORY MANAGEMENT**

ADOT manages an inventory of vehicle information for all vehicles funded under the Coordinated Mobility Programs. Grant agreement requirements are kept up-to-date via annual reports filed with ADOT by subrecipients, and incorporated into project database files for program management use. This asset management system promotes proper vehicle maintenance and use and identifies problems or issues related to fleet defects or improper vehicle management.

Among other tasks, the fleet system flags agency vehicles that may be due for replacement and/or inspection. The objective of this system is to ascertain the statewide condition of the FTA funded vehicle fleet and help determine what current and future actions are most beneficial to ensure overall fleet service viability.

### **DRIVER AND VEHICLE LICENSES**

All subrecipients must use drivers that hold a current and valid Arizona Driver's License. The ADOT Motor Vehicle Division requires licensing in keeping with their Commercial Driver's License Program as follows:

#### **Vehicles under 16 passenger capacity, including driver:**

- Class D (Operator's) License

**Vehicles 16 passenger capacity and over, including driver:**

- Class B or C Commercial License with bus/school bus endorsement

ADOT encourages all agencies with vehicles in excess of 16 passenger capacity to have all drivers obtain a Class B or C Commercial License.

Drivers who currently have a Chauffeur's License may continue to use such license until it expires. At that time, the appropriate license (as stated above) must be acquired.

Subrecipients are also required to comply with Arizona laws in the licensing of all agency vehicles.

## **A. MAINTENANCE**

ADOT MPD ensures that subrecipients are aware of and comply with the requirement that vehicles and other equipment purchased with Federal funds are maintained in a good state of repair and cleanliness. Each capital project agreement stipulates that the subrecipient shall maintain all project equipment at a high level of cleanliness, safety, and mechanical soundness. Subrecipients are required to document all vehicle maintenance activities in a format that is readily available and which includes copies of purchase orders, invoices, etc.; as evidence that required maintenance has been performed.

Vehicles must be maintained based on the manufacturer's suggested maintenance guidelines. Each subrecipient must establish a maintenance program that, at a minimum, meets those recommendations. ADOT has the right and obligations to review the subrecipient's maintenance and safety programs and to conduct periodic inspections of equipment and facilities funded with federal funds administered by ADOT.

ADOT also requires that subrecipients have in place a pre-trip/post-trip inspection program to ensure that safety and operational standards are consistently met for each system vehicle, and if so equipped, by all vehicle accessibility features, prior to being placed in revenue service. ADOT requires that documented daily pre-trip/post-trip inspections are included as part of the permanent file for each vehicle acquired by subrecipients through the 5310, 5311, 5316, and 5317 programs.

**ADA Vehicle Maintenance Guidelines:** The Certificate of Compliance with the Manufacturer's Maintenance Schedule, located in the Application/Contract, requires the signing party to abide by, or exceed, all manufacturers' recommendations related to vehicle servicing and other maintenance, including accessibility-related components and equipment. The ADA requires that:

- Public and private entities providing transportation services shall maintain in operative condition those features of facilities and vehicles that are required to make them readily accessible to, and usable by, individuals with disabilities. These features include but are not limited to, lifts and other means of access to vehicles, securement devices, signage and systems to facilitate communications with persons with impaired vision or hearing.

- Accessibility features must be repaired promptly if they are damaged or out of order. When an accessibility feature is out of order, the entity must take reasonable steps to accommodate individuals with disabilities who would otherwise use the feature.
- A system of regular and frequent maintenance checks of lifts is required. If a lift fails to operate when in service, the ADA requires the vehicle be taken out of service before the beginning of the vehicle's next service day. The lift must then be repaired before the vehicle returns to service. If a contract operator is used for ADA-related service, the subrecipient must ensure the contractor notifies the subrecipient immediately of any failure of the lift to operate in service.
- If there is no spare vehicle to take the place of a vehicle with an inoperable lift, the recipient may keep the vehicle in service for no more than five days if it serves an area of 50,000 or less population, or three days if it serves an area of 50,000 or more population.

## **B. USEFUL LIFE/DISPOSITION**

### **VEHICLE TITLE AND LIEN: COORDINATED MOBILITY PROGRAMS**

ADOT conducts all vehicle title and registration activities for the subrecipient agency as a part of the ADOT-led procurement process. In order that ADOT may act on behalf of the subrecipient for these transactions, a signed Power of Attorney must be submitted to MPD. This form is included in the application/contract documents and must be signed before an application is submitted.

In order to ensure proper use of grant funded equipment throughout the useful life, ADOT holds a first lien on all equipment in the amount of the federal share of the equipment cost. The lien extends through the useful life of the capital equipment, until the remaining asset value is less than \$5,000. In the case of vehicles, the lien placed will remain in effect for *at least* four years or 100,000 miles.

### **VEHICLE TITLE AND LIEN: 5311**

ADOT retains a first lien equal to 80% (or its share in the purchase price if other than 80%) of the fair market value on all capital equipment purchased with 5311 funds. Capital equipment is defined as equipment that has a unit value over \$1,000 and is expected to last one year or more. Vehicle liens are retained according to the useful life standards listed below:

- 4 years or 100,000 miles for vans (up to 15 passengers);
- 5 years or 200,000 miles for mini buses (up to 30 passengers); and
- 7 years or 400,000 miles for buses (over 30 passengers or 30 ft. vehicles).

Subrecipients are expected to use equipment throughout its useful life or the duration of their contract.

When vehicles have reached the end of their useful life, subrecipients are required to submit a lien release request to ADOT. Subrecipients must not sell, discard, transfer, or dispose of equipment without a formal lien release approval from ADOT.

ADOT holds the original vehicle title. This enables ADOT to automatically release the vehicle within the time limit of the lien period, if appropriate. It also enables ADOT to retrieve the vehicle if the agency discontinues operations or fails to fulfill contractual requirements.

## **VEHICLE AND/OR EQUIPMENT DISPOSITION**

Local public agencies may adopt their own rules and procedures for disposing of federally-funded surplus property as long as the disposal or sale is conducted in an open, public process. The revenues from the sale of property must be reinvested in the transit program for the same purpose (for instance, proceeds from a vehicle sold are used for purchasing a replacement vehicle; proceeds from office equipment would go towards purchase of new equipment).

## **C. INSURANCE**

### **INSURANCE: COORDINATED MOBILITY PROGRAMS**

Recipients are responsible for acquiring and maintaining current, appropriate insurance on their capital equipment while under ADOT lien. Vehicles and large capital equipment purchases require the recipient to list ADOT as the Certificate Holder, Loss Payee and Additional Insured on their policy.

Vehicle collision and comprehensive insurance, to cover liability and under/uninsured motorists, is required in order to successfully apply for and operate an ADOT funded vehicle. Fair Market Replacement Value, as well as Collision and Comprehensive insurance, including fire, theft, and vandalism, in an amount not less than the actual purchase price of equipment, **is required** as follows:

| <b>VEHICLE SEATING CAPACITY<br/>(including driver)</b> | <b>LEVEL OF INSURANCE COVERAGE</b>                           |
|--|--|
| 8 or less passengers                                   | \$1,000,000 auto liability<br>\$ 300,000 uninsured motorist  |
| 9 to 15 passengers                                     | \$1,000,000 auto liability<br>\$300,000 uninsured motorist   |
| 16 + passengers  | \$ 5,000,000 auto liability<br>\$ 300,000 uninsured motorist |

The Certificate of Insurance must be submitted to ADOT prior to taking delivery of the vehicle(s). In addition, a current copy of the Certificate must be sent to ADOT on an annual basis while the vehicle is under lien. A breakout of coverage, effective insurance dates and ADOT being listed as Certificate Holder, Additional Insured/Loss Payee and lien holder is then verified by ADOT.

**INSURANCE: 5311**

All Section 5311 Program participants must maintain adequate property and liability insurance coverage.

The current minimum requirement for automobile liability insurance is based on vehicle size, and is as follows:

- Combined Single Limit (CSL) of \$5,000,000 for vehicles carrying nine (9) or more passengers;
- Combined Single Limit (CSL) of \$2,000,000 for vehicles carrying less than nine (9) but more than four (4) passengers; and
- Combined Single Limit (CSL) of \$1,000,000 for vehicles carrying less than four (4) or passengers.

Subrecipients must also maintain collision and comprehensive coverage for the full fair market value of each vehicle provided under this Program. The deductible for such coverage shall not exceed five thousand dollars (\$5,000).

## **D. VEHICLE INCIDENT, CASUALTY LOSS, CHANGE IN STATUS REPORTING**

### **VEHICLE INCIDENT OR CASUALTY LOSS**

Subrecipient must report a vehicle incident, accident or casualty to ADOT MPD staff within 48 hours of the occurrence.

Vehicles that are damaged, but repairable, must be repaired to the same or better condition prior to the incident.

If the vehicle is deemed a total loss, the following documentation must be submitted to the ADOT Program Manager within 10 working days of the incident:

- Vehicle Identification Number (VIN);
- The model year;
- The vehicle make;
- The mileage at the time of the incident;
- Arizona Accident Report or Incident Report forms; and
- Correspondence from the Insurance Company indicating the amount of the settlement of proceeds.

Participants in the Section 5311 program are required to report any accidents that require post-accident testing based on FTA Drug and Alcohol testing criteria to the ADOT Program Manager.

This would include:

- Any accident that involves a fatality; and
- Any accident where an individual receives medical treatment away from the scene or the rubber-tired vehicle is towed from the scene due to disabling damage.

#### **CHANGE IN EQUIPMENT STATUS OR CONDITION**

Any extraordinary change in the status or condition of a vehicle or other capital equipment (to include damage, operational failure, or legal involvement) must be reported to ADOT within 5 working days, even if satisfactory repair can be made within this period. Items such as flat tires, minor glass and paint scratches, minor “parking-lot dings,” other incidental body dents, and regular, non-accident related repair or normal replacement items are not subject to this requirement unless a vehicle is out of service for more than 24 hours.

### **E. ALLOWED AND PROHIBITED USE OF VEHICLES**

#### **INCIDENTAL USE**

Notice must be provided to ADOT Program Manager of any incidental use of vehicles not related to the regularly scheduled service prior to providing the service.

#### **MEAL DELIVERY**

Vehicles and related equipment may not be used **primarily** for the delivery of meals to persons in their homes. Any meal delivery provided may only be incidental to the primary vehicle use of transporting people.

#### **EMERGENCY TRANSPORT**

The Section 5310 program is not intended to provide emergency medical transport or ambulance service on a regular basis.

#### **CHARTER SERVICE**

FTA and ADOT subrecipients are prohibited from using federally funded equipment and facilities to provide charter service except on an incidental basis and when one or more of applicable exceptions for urban areas set forth in the charter service regulation at 49 CFR 604.9 (b) applies. Incidental use may include meal and parcel delivery, restricted client services, and FTA allowable charters. Charter service is an allowable activity on an incidental basis if the applicant successfully completes the charter public notice requirements and no private charter providers are available. Applicants must reference Federal Transit Act, as amended 49 CFR, 604.11(c).

All allowable incidental charter service must be fully allocated with no charge to federally funded programs. No mileage, trips and hours associated with allowable incidental charter shall be represented in the subrecipient's annual operating statistics nor used to achieve the minimum service life mileage. The subrecipient must maintain separate logs for charter service.

Monitoring of this requirement is included in on-site reviews. Trip records, contracts, income statements, and marketing materials will be reviewed for any evidence of chartering in the absence of authority to do so. Lack of compliance will result in disciplinary action and a plan of correction.

## **SCHOOL BUS REGULATIONS**

Under FTA school bus requirements, set out under 49 U.S.C. 5323(f) and 49 CFR Part 605, recipients may not engage in school bus operations exclusively for the transportation of students. These provisions derive from 49 U.S.C. 5302(a), which authorizes FTA assistance for mass transportation, but specifically exclude school bus service from such Federal assistance.

Providing Section 5310 vehicles for special needs schools, often referred to as schools for exceptional children, typically serving youth with mental and/or severe learning disabilities, is a popular and permitted use. In these circumstances, the applicant must be aware of any other state or federal school transportation requirements that may prohibit use of the Section 5310 type of vehicle.

Section 605.3 of the FTA regulation allows subrecipients to provide "tripper" service, which is mass transit service modified to accommodate the needs of school students and personnel. Buses used in tripper service must be clearly marked as open to the public. These buses may stop only at a subrecipient's regular service stop. All routes traveled by tripper buses must be within a subrecipient's regular route service as indicated in their published route schedules. The purpose of this provision is to ensure that buses acquired with Federal assistance are clearly perceived by the public as available for their use.

Moreover, Section 605.11 of the rule exempts a subrecipient from the prohibition of exclusive school bus operations if it engaged in school bus operations prior to August 1973 or if private operators are unable to provide adequate transportation. A request for such an exemption, with supporting documentation, should be sent to the FTA Administrator.

It should be noted that even if a subrecipient obtains an exemption to engage in school bus operations, Federal transit laws do not permit support of such operations with FTA assistance. Thus, the subrecipient cannot use FTA funded buses in its school bus operations, or service or maintain them in a FTA funded facility.

## **F. FACILITIES**

Facilities constructed, purchased, renovated or improved utilizing federal funds are the property of the subrecipient for the expected life of the facility or for as long as the facility is used for transportation purposes. FTA's current useful life requirement for facilities is forty years. If for any reason the facility is no longer needed for the purposes of public transportation services in nonurbanized areas, the provisions of State statutes pertaining to the disposition of real property, provisions on facility ownership and use, and the Federal Transit Administration Circular 5010.1D, Grant Management Guidelines, as amended or revised, shall apply.

ADOT conducts inspections every three years of all facilities, whether new construction, renovation or expansion of existing facilities. A reasonable amount of time shall be provided to correct any deficiencies because of the review.



## **X. Other Federal Provisions**

### **A. CERTIFICATES AND ASSURANCES**

All local and State applicants must comply with the various Federal requirements. These certificates and assurances, which are required to be signed by an authorized public official, are part of the grant funding application submitted to the ADOT Multimodal Planning Division.

If a local application is approved, these assurances become a part of the subrecipient project contract.

Local applicants are also required to submit an opinion of counsel indicating the statutory authority of the applicant to apply for and receive a Federal grant, along with a resolution of the applicant's governing body to authorize the applicant to file the application and assurances, and to execute a grant agreement with the FTA.

ADOT MPD, when submitting State grant applications to FTA, is also required to execute certifications and assurances both on behalf of the State and with respect to local applicants. ADOT annually agrees to comply with all requirements of the Annual List of Certifications and Assurances for Federal Transit Administration Grants and Cooperative Agreements.

### **B. CIVIL RIGHTS**

Subrecipients must demonstrate that they understand and have met all of the civil rights requirements as a condition of receipt of funding. The requirements listed in the following sections address FTA only. Additional and/or different requirements may apply for FHWA and FAA funded projects.

All recipients of FTA assistance are responsible for compliance with all Civil Rights requirements applicable to transit related projects, including 49 U.S. 5332 (Nondiscrimination), Title VI of the Civil Rights Act of 1964, Equal Employment Opportunity (EEO), Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, Disadvantaged Business Enterprise (DBE) program requirements, and DOT policy guidance concerning recipient's responsibilities to Limited English Proficient (LEP persons (FRAC 5010.1D pg. II.8).

Recipients also must include these requirements in each subcontract financed in whole or in part with Federal assistance provided by FTA, modified only if necessary to identify the affected parties. Recipients and subrecipients are required to have internal agency written policies in place to address compliance with these requirements.

Subrecipients must comply with current Title VI, DBE, EEO, LEP and ADA regulation requirements, as identified in the respective assurances enclosed in the application/contract package. Failure by the subrecipient to carry out the terms of Title VI, DBE, EEO, LEP and ADA programs will be treated as a violation of the Grant Agreement.

## **DISADVANTAGED BUSINESS ENTERPRISE (DBE)**

ADOT complies with all federal requirements of the DBE Program, included having an approved FTA DBE program, plan and annual goal.

All approved subrecipients for funding that involve contracts with vendors outside of the vehicle procurement ADOT oversees (i.e.: Mobility Management, Operations) must either already have adopted ADOT's DBE program or have a policy stating they will adopt ADOT's DBE program.

The subrecipient shall agree to abide by the statements in Paragraph (1) and (2) which follow. These statements shall be included in all subsequent agreements between the subrecipient and any sub-consultant or contractor.

(1) As required by 49 CFR 26.13, the subrecipient shall not discriminate on the basis of race, color, national origin, religion, gender, age or disability in the award and performance of any USDOT assisted contract or in the administration of its DBE program or the requirements of 49 CFR 26. The subrecipient shall take all necessary and reasonable steps under 49 CFR 26 to ensure nondiscrimination in the award and administration of USDOT assisted contracts. The subrecipient's DBE program, as required by 49 CFR 26 and as approved by USDOT, is incorporated by reference in the Planning Funds Agreement between the subrecipient and ADOT.

(2) Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of the Agreement. Upon notification to the subrecipient of its failure to carry out its approved program, the USDOT may impose sanctions as provided for under 49 CFR 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

ADOT and the subrecipient shall prepare and retain all records in accordance with the federal and state requirements, including but not limited to 23 CFR 420 and 49 CFR 18.

Each LPA, subrecipient, and federal-aid subrecipient must complete a Sub-Recipient DBE Program Compliance Statement and have its executive officer sign the statement. In accordance with the compliance statement, all LPAs and subrecipients agree to the following:

- Use of solicitation language provided by ADOT defining DBE requirements for all construction, professional services, and procurement contracts;
- Submittal of DBE goal requests using the DBE Goal Request Form;
- Conduct post-award monitoring and reporting using the online LPA DBE Data Collection and Reporting System;
- Ensure post-award compliance with commercially useful functions; and
- Designate a single point-of-contact for DBE compliance purposes.

Additionally, all LPAs and subrecipients agree to collect the following information for each solicitation for which a DBE contract goal has been established:

- Names and contact information of DBE firms that will participate in the contract;
- Description of the work that each DBE will perform;
- Dollar amount of the participation of each DBE firm participating on the project;
- Written and signed documentation of commitment to use a DBE subcontractor whose participation meets a contract goal;
- Written and signed confirmation from the DBE that it is participating in the contract as provided in the prime contractor's commitment; and
- Evidence of good-faith efforts if the contract goal is not met.

### **Recordkeeping and Reporting Requirements**

LPAs and subrecipients will require prime contractors, consultants, and vendors to maintain records and documents of payments to DBE and non-DBE subcontractors. In accordance with ARS 35-214, records must be maintained for a minimum of 5 years following FTA closeout of the project. These records should be made available for inspection upon request by any authorized ADOT CRO representative. Subcontractors are required to maintain payment information for any lower-tier subcontractors for the same 5-year duration.

For projects receiving federal aid, LPAs and subrecipients are required to collect data on DBE and non-DBE participation and report the data to the CRO. Contractors, consultants, and vendors performing on federal-aid projects are required to provide monthly reports documenting amounts earned by and paid to all DBEs and non-DBEs. All DBE and non-DBE subcontractors working on federal-aid transportation projects are required to verify receipt of payment. Furthermore, first-tier subcontractors are required to report amounts earned by and paid to all lower-tier DBE and non-DBE subcontractors. Lower-tier subcontractors are required to verify receipt of payment. Contractors, consultants, and vendors should provide the required information for the current month by the 5th day of the following month. The required information must be submitted through the online LPA DBE Data Collection and Reporting System.

Additionally, LPAs and subrecipients will submit project data in support of each semiannual and annual submission made by the CRO. Subrecipients are required to submit this data through the online LPA DBE Data Collection and Reporting System. Semiannual report data must be audited by LPAs and subrecipients for accuracy and completeness by May 1 and November 1 of each year. Semiannual reports will be prepared by ADOT and reviewed with LPAs and subrecipients on an as-needed basis.

### **TITLE VI- NONDISCRIMINATION**

Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color, or national origin. Related laws and regulations, as cited below, prohibit discrimination on the basis of age, gender and disability. Together these requirements are sometimes referred to as "Title VI."

Specific citations for FTA provisions for subrecipients include:

- Title VI of the 1964 Civil Rights Act, Section 601.
- Section 19 of the Federal Transit Act provides guidance in the area of age and sex discrimination.
- FTA Circular 4702.1A, "Title VI Program Guidelines for FTA Recipients," outlines specific State and subrecipient requirements.

As a condition of receiving federal aid, the U.S. Department of Transportation implementing regulations (49 CFR 21 and 23 CFR 200) require the following:

- A Title VI plan to prevent discrimination in the provision of benefits and services on federally funded transportation programs and activities. The Title VI Program is a system of policies and procedures designed to monitor agency compliance, address complaints, and eliminate discrimination when found to exist.
- Federal-aid recipients' execution of Title VI assurances signed by the recipient agency's chief executive officer.

ADOT has a FTA approved Title VI plan on file. This plan can be accessed at [http://www.azdot.gov/Inside\\_ADOT/CRO/PDF/Title\\_VI\\_Plan.pdf](http://www.azdot.gov/Inside_ADOT/CRO/PDF/Title_VI_Plan.pdf).

ADOT is required to ensure that all subrecipients receiving federal funds are in compliance with the above regulations. Subrecipients receiving funds or equipment from the Federal government through ADOT, are required to submit the following information as part of their application and annually thereafter, as long as a federal interest remains in their equipment or program:

- Assurances;
- Statistical breakdown of communities' populations;
- Beneficiaries of projects, including the race, ethnicity, gender, age, and disability of those who will benefit from projects and the mobility benefits that will result;
- Effects of transportation programs within the community such as transportation, social, and others beyond mobility;
- Process for public participation, specifically discussing efforts to reach out and to ensure participation of the transportation disadvantaged;
- Composition of advisory boards having an impact on transportation programs, indicating the race, ethnicity, gender, age, and disability of the members;
- A listing of all complaints, claims, and lawsuits alleging discrimination; and
- Process for identifying and eliminating procedures that result in discrimination and for correcting deficiencies within 90 days.

### **Summary of Subrecipient Requirements Related to Title VI**

- Appoint a Title VI coordinator;
- Obtain Title VI training for coordinator and other key staff;

- Proactively prevent discrimination as defined in Title VI and related authorities; disseminate Title VI Program information to staff and the public;
- Include Title VI language in all contracts with consultants and contractors for federally funded projects;
- Collect and maintain data on race, ethnicity, age, gender, disability, LEP, and income of populations in the service area;
- Provide information in other languages, as necessary;
- Proactively include traditionally underrepresented populations that are hard to reach through the traditional notification process in public involvement and informational processes;
- Analyze the benefits and burdens of activities and projects on the Title VI-protected population in the service area;
- Perform periodic self-assessments for Title VI compliance;
- Develop periodic Title VI reports;
- Correct any deficiencies identified during a review or complaint;
- Complaints;
  - Provide the public access to defined complaint procedures and a complaint form
  - Public Notices should include:
    - Process for filing complaints
    - Description of investigative process
    - Responsible agency staff
    - Time limits to submit complaints and complete investigations
- Maintain a complaint tracking procedure; and
  - Complaint log must contain the following information for each complaint filed:
    - Name and address of person who filed the complaint
    - Date of complaint
    - Basis of complaint
    - Disposition of complaint
    - Status of complaint
- Submit completed complaint investigations to ADOT.

### **LIMITED ENGLISH PROFICIENCY (LEP)**

LEP is one of the bases covered under Title VI national origin. One type of national-origin discrimination is based on a person's limited ability to speak, read, write, or understand English. The federal government and those receiving federal financial assistance (recipients, subrecipients, and contractors) must take reasonable steps to ensure that LEP populations have meaningful access

to the programs, services, and information those entities provide. This may require providing written and oral communications in a language other than English.

A number of indicators may (need to) be present which provide an operational definition of a person who is limited in their English proficiency for any particular region or locale; these factors and related information can be found at <http://www.fta.dot.gov/documents/Newlepguidance.doc>. An excerpt reads:

*Recipients are required to take reasonable steps to ensure meaningful access to their programs and activities by LEP persons. While designed to be a flexible and fact-dependent standard, the starting point is an individualized assessment that balances the following four factors: (1) The number or proportion of LEP persons eligible to be served or likely to be encountered by a program, activity, or service of the recipient or subrecipient; (2) the frequency with which LEP individuals come in contact with the program; (3) the nature and importance of the program, activity, or service provided by the recipient to people's lives; and (4) the resources available to the recipient and costs.*

The applicant is required to certify that their agency provides reasonable alternate-language accommodation of individuals who are limited-English-Proficient or LEP, to the extent that the individuals represent a minority class that is sufficiently large enough to be described as a significant alternate language within the region or locale. This status can be determined in a number of ways, one of the most useful may be information obtained from the local *school district* regarding predominant classes (i.e., alternate languages) of LEP individuals.

Reasonable accommodation for persons with LEP may range from information provided in a commonly observed pamphlet(s) or flyer(s) regarding the agency's services to volunteer or contracted interpreters. Although each situation may present its own unique circumstances, typically the agency *does not need to provide all* of its communications in the alternate language, but sufficiently enough for their services to adequately and clearly be conveyed to the requesting individual(s). Visit [www.lep.gov](http://www.lep.gov) or contact the ADOT Civil Rights Office for further information.

## **ENVIRONMENTAL JUSTICE**

Agencies receiving federal grant funds are required to assure nondiscrimination under Title VI of the Civil Rights and other related laws. Environmental justice specifically addresses minority and low income populations: a 1994 Presidential Executive Order directed every Federal agency to make environmental justice part of its mission by identifying and addressing the effects of all programs, policies, and activities on "minority populations and low-income populations."

Subrecipients support Title VI and environmental justice when they:

- Assure new investments and changes in transit facilities, services, maintenance, and vehicle replacement deliver equitable levels of service and benefits to minority and low-income populations.
- Avoid, minimize or mitigate disproportionately high and adverse effects on minority and low-income populations.
- Assure that public involvement activities identify and involve minority and low-income populations when making transportation decisions.

- When subrecipients engage in planning related to development of transit services and capital purchases, they are expected to include consideration of “environmental justice.”

ADOT will assist subrecipients with environmental justice principles in their services. The department will help agencies look at demographics to identify unmet needs.

When applying for discretionary grants, applicants must demonstrate they have provided an opportunity for public involvement in the identification of potential projects.

### **EQUAL EMPLOYMENT OPPORTUNITY (EEO)**

As part of the Certifications and Assurances section of the application, the applicant agrees that it will not discriminate against any participant on the grounds of race, color, creed, gender, disability, age, or national origin. The applicant also agrees to take affirmative action to ensure applicants and employees are treated without regard to their race, color, creed, gender, disability, age, or national origin. Such actions shall include, but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training. FTA Circular 4704.1, Equal Employment Opportunity Program Guidelines for FTA Recipients," outlines FTA EEO objectives. A copy of this and other FTA circulars is available from the ADOT Multimodal Planning Division.

Title I of the Americans with Disabilities Act also contains specific provisions prohibiting employment discrimination on the basis of disability and requiring employers to make reasonable accommodations for persons with disabilities.

## **C. SECTION 504 AND ADA PROGRAM REQUIREMENTS**

All ADOT recipients of vehicles and other FTA grant assistance must comply with the Americans with Disabilities Act of 1990. The ADA was enacted by Congress as a national mandate for the elimination of discrimination against individuals with disabilities. In addition, any new construction of public access facilities must have accessible features incorporated to provide accessibility to persons who are mobility-impaired. Recipients can stay apprised of ongoing ADA requirements by visiting the following website and subscribing to the online ADA newsletter published by the FTA at: <http://www.fta.dot.gov/civilrights/12325.html>

**Service Provisions:** The ADA requires of transportation providers a number of specific service provisions to be in place and operational. During site reviews of program subrecipients, ADOT staff interviews subrecipients regarding the status of the following ADA transportation service provisions:

- Maintenance of accessible features;
- Procedures to ensure lift vehicle availability;
- Lift and securement use (local policies and procedures);
- Announcement of stops (where applicable);
- Vehicle identification mechanisms in accordance with ADA;

- Service animals (what policies and procedures are in place?);
- Public information/communications (what actions are taken to apprise the disability community of transportation services available, and to otherwise ensure that persons with disabilities are given maximum opportunity to participate in the provision of services?);
- Lift deployment at stops, where requested;
- Service to persons using respirators or portable oxygen;
- Adequate time for vehicle boarding and disembarking (what actions are taken to ensure that reasonable time is provided?); and
- Training.

Recipients should undertake all reasonable means to provide for the needs of sight and hearing-impaired individuals in their communication within their facilities. Braille-etched sign and other forms of written communication as well as telephone devices for the hearing impaired are some examples of facility improvements, which are covered under the ADA.

If a subrecipient is operating fixed route transit, the subrecipient must describe how it will meet the ADA Complementary Paratransit requirement in its application.

## **D. SAFETY AND SECURITY**

For Section 5311, subrecipients are required to comply with guidance contained in the Emergency Preparedness, Response and Recovery requirements in the FTA Security Initiative. One of the requirements involves the completion of a Safety, Security and Emergency Preparedness Plan (SSEPP). ADOT Section 5311 staff is committed to exploring coordinated approaches to assist subrecipients in implementing a disaster safety and emergency evacuation plan, with a focus on ensuring business continuity during emergencies and providing effective evacuation support.

Safety has always been a priority for the Federal Transit Administration (FTA). The FTA has made it clear that all transit systems in the Section 5311 program must identify their role in their respective communities by being ready to respond to a crisis; be it man made or natural disaster. ADOT has the responsibility to assure that written plans are prepared and implemented.

## **E. DRUG FREE WORKPLACE / DRUG AND ALCOHOL TESTING REQUIREMENTS**

### **DRUG FREE WORKPLACE POLICY**

The federal Drug-Free Workplace Policy is part of the federal government's effort to eliminate the use of illegal and controlled substances from the workplace. The regulations affect all federal government agencies, their contractors and their direct grant recipients and/or subcontractors.

The Arizona Department of Transportation has adopted a Drug & Alcohol-Free Workplace Policy (PER-11.03 Drug and Alcohol-Free Workplace Policy. 12/5/2007, last review 2/11/2010).



In addition to the Department, subrecipients who receive FTA funds must comply with the regulations contained in 49 CFR Part 40, procedures for transportation workplace drug testing programs and 49 CFR Part 655, Prevention of Alcohol Misuse and Prohibited Drug Use in Transit Operations. All subrecipients are required to post the Drug-Free Workplace certification in a publicly visible location, and must conduct basic employee orientation regarding the use/abuse of drugs and alcohol in/affecting the workplace.

Safety sensitive functions are defined as those employees who operate revenue vehicles (whether or not in revenue service), operate a non-revenue service vehicle when required to be operated by a holder of a Commercial Driver's License, control the movement or dispatch of the vehicles, and maintain vehicles (unless in the case of the Rural Public Transportation programs 5311, 5307 or 5309 in an area less than 200,000 in population and contracts out such services), security personnel who carry firearms, and supervisors who could perform any of the above responsibilities.

ADOT additionally passes on its Drug-Free Workplace policy requirement to subrecipients. In the case of Section 5310, this functions as the subrecipient's primary compliance requirement.

## **DRUG AND ALCOHOL PROGRAM COMPLIANCE**

ADOT requires all 5311 Program recipients to comply with FTA drug and alcohol program standards identified in ADOT guidelines. Program recipients must provide evidence of compliance and remain current in all required training. ADOT provides training, oversight, and compliance monitoring for all program components.

### **Policy**

At a minimum, transportation operators and their subcontractors must adopt a policy which details the prohibited behaviors, testing requirements, identified sources of assistance for substance abuse problems, and the consequences for refusal to take tests and for positive drug and alcohol results.

### **Employer and Supervisor Education**

Transportation operators must have a training program for all employees in "safety sensitive" positions that are compliant with the regulation. Employees must be trained prior to assuming their duties. The policy must include a community service "hotline" telephone number and the name of a person where employees can obtain assistance. In addition, supervisors who have the responsibility and authority to refer employees for testing under reasonable cause must receive additional training in manifestations and behavioral cues indicative of drug and alcohol use and abuse.

### **Substance Abuse Testing Program**

Section 5311 transportation operators must test employees, who perform safety sensitive functions, for the use of six prohibited drugs: marijuana, cocaine, opiates, phencyclidine (PCP), MDMA (ecstasy) and amphetamines and for alcohol.

There are potentially six conditions under which testing is mandatory:

- Pre-employment and/or Pre-duty
- Reasonable Cause
- Post – Accident
- Random

If the agency chooses to retain an employee who refuses to test or has a positive drug or alcohol test result, the following additional conditions require testing of the employees:

- Return-to-Duty
- Follow-up-Testing

Annually ADOT, with the assistance of a consultant team, reviews the testing statistics from subrecipients by means of the MIS report and uses that document to determine the proper amount of testing is being accomplished. In addition, a site visit is conducted at each subrecipient agency annually to ensure the required testing is completed appropriately.

### **Reporting Procedures**

Transportation operators must certify compliance and submit reports to ADOT on an annual basis as per 49 CFR Part 40.

### **Substance Abuse Compliance Audits**

Consistent with FTA's oversight responsibilities, FTA has initiated a program of transit system audits to assess compliance with Drug and Alcohol Testing requirements (49 CFR Part 653 and Part 654). A team of FTA experts performs these audits, which are comprehensive in nature, including a review of each agency's policies, procedures and record keeping. ADOT will assist subrecipients in preparing for FTA drug and alcohol audits, if needed.

## **F. LABOR PROTECTION**

Section 13 of the Urban Mass Transportation Act of 1964, as amended, specifies that as a condition to any financial assistance, fair and equitable arrangements be made to protect the interests of employees of transit providers, who may be affected by the project receiving such assistance.

Applicants must provide the required labor protection information. On an annual basis ADOT is required to certify to the Department of Labor that 5310/5311/5316/5317 recipients are in compliance with the terms and conditions of the Special Section 13(c) Warranty.

## G. ENVIRONMENTAL PROTECTION

FTA's environmental impact regulation requires different levels of analysis and documentation for the various types of projects funded through its programs. The great majority of projects and activities funded through the Section 5311 program do not normally involve significant environmental impacts. Such projects are termed “categorical exclusions” in FTA's procedures because they are types of projects that have been categorically excluded from the requirement to prepare an environmental document. FTA's regulation classifies categorically excluded actions and projects into two groups:

- Those having very limited or no environmental effects at all such as planning and technical studies, preliminary design work, program administration, operating assistance and transit vehicle purchases; and
- Those involving more construction and greater potential for off-site impacts, for example new construction or expansion of transit terminals, storage and maintenance garages, office facilities and parking facilities. These can be built and operated without causing significant impacts if they are sited in areas with compatible land use where the primary access routes are adequate to handle additional transit vehicle traffic.

The vehicles, radio and computer equipment and other related equipment items routinely purchased under the Section 5310 program are considered categorical exclusions from FTA's requirements to prepare environmental documentation.

Subrecipients of both Sections 5310 and 5311 programs must submit declarations of environmental assessments for approval by FTA through their respective application process, as necessary.

## H. LOBBYING

Recipients of federal grants, from any source, exceeding \$100,000 annually must certify that they have not and will not use federally appropriated funds for lobbying. State agencies administering programs certify to FTA and subrecipients certify to the state. State agencies and subrecipients must also impose lobbying restrictions on their third-party contractors and must obtain certifications.

Lobbying is defined as influencing or attempting to influence an officer or employee of any Federal department or agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with obtaining a federal grant, cooperative agreement, or any other federal award.

Currently, subrecipients certify to ADOT through the grant agreements and the annual certifications and assurances. Specific contracts, grants or cooperative agreements are actions covered by the restrictions on lobbying. Activities such as submitting grant applications, status inquiries, and professional and technical services are not lobbying and do not need to be disclosed. Efforts to influence Federal officials about specific grants and contracts or to ask Congressional representatives for support of a particular application or bid must be disclosed. Also, lobbying restrictions do not apply to activities that might influence policy issues.

Subrecipient responsibilities:

- Sign a certification of compliance pertaining to lobbying activities.
- Where third party contractors are involved, subrecipients must obtain a signed certification of compliance from the contractor.
- If non-federal funds have been used to support lobbying activities in connection with a grant from ADOT, and the subrecipient receives federal grants exceeding \$100,000, fill out Standard Form-LLL and submit it to MPD.
- If contractors received more than \$100,000 in federal funds and used non-federal funds to support lobbying, subrecipients must obtain the completed Standard Form-LLL from the contractor and submit it to MPD.

## I. DEBARMENT AND SUSPENSION

To prevent fraud, waste and abuse in federal transactions, persons or entities that, by defined events or behavior, potentially threaten the integrity of federally administered programs are excluded from participation in FTA-assisted programs.

ADOT will not enter into any third-party contract or agreement with any party included in the “US General Services Administration's List of Parties Excluded from Federal Procurement or Non-procurement Programs.” This pertains to all FTA sponsored program funds. Listing of excluded parties can be located at: <http://www.epls.gov/>.

Subrecipients receiving more than \$25,000 through a project from ADOT must certify they are not debarred or suspended from any Federal agency. This is accomplished through the application process and the annual certifications and assurances.

Subrecipient responsibilities:

- Sign a certification of compliance pertaining to debarment and suspension.
- Verify that a third-party contractor is not disqualified by a Federal agency.
- Obtain a signed certification and add a clause or condition to the contract or subcontract regarding debarment and suspension.